

2014

A Critical Discourse Analysis of Oil Spill Disclosure: A Case of Royal Dutch Shell in Nigeria

Sanja Pupovac
University of Wollongong

Recommended Citation

Pupovac, Sanja, A Critical Discourse Analysis of Oil Spill Disclosure: A Case of Royal Dutch Shell in Nigeria, Doctor of Philosophy thesis, School of Accounting, Economics and Finance, Faculty of Business, University of Wollongong, 2014. <http://ro.uow.edu.au/theses/4201>

UNIVERSITY OF WOLLONGONG

COPYRIGHT WARNING

You may print or download ONE copy of this document for the purpose of your own research or study. The University does not authorise you to copy, communicate or otherwise make available electronically to any other person any copyright material contained on this site. You are reminded of the following:

Copyright owners are entitled to take legal action against persons who infringe their copyright. A reproduction of material that is protected by copyright may be a copyright infringement. A court may impose penalties and award damages in relation to offences and infringements relating to copyright material. Higher penalties may apply, and higher damages may be awarded, for offences and infringements involving the conversion of material into digital or electronic form.

**A Critical Discourse Analysis of Oil Spill Disclosure: A Case of Royal
Dutch Shell in Nigeria**

**This thesis is presented as part of the requirements for the
award of the degree of**

DOCTOR OF PHILOSOPHY

from



UNIVERSITY OF WOLLONGONG

By

Sanja Pupovac, B.Com (Honours Class I)

School of Accounting, Economics and Finance, Faculty of Business

October 2014

CERTIFICATION

I, Sanja Pupovac, declare that this thesis, submitted in partial fulfilment of the requirements for the award of Doctor of Philosophy, in the School of Accounting, Economics and Finance, University of Wollongong, is wholly my own work unless otherwise referenced or acknowledged. The document has not been submitted for qualifications at any other academic institution.

Sanja Pupovac

October, 2014

ABSTRACT

Purpose: This thesis examines environmental narrative disclosures of Royal Dutch Shell plc (hereafter Shell) of oil spills in Nigeria to explore accountability for social and environmental disasters in a developing-country context. Shell has been under intense public scrutiny over its oil operations in the Niger Delta, especially following the activities of anti-oil activists in the late 1990s. This thesis highlights the discursive construction of oil spills and explores issues of responsibility where multinational corporations exist alongside extreme poverty.

Design/Methodology/Approach: In order to interrogate the discourse and explore power relations in the production of public documents, this thesis adopts a critical approach to analyse Shell's sustainability reports, annual reports of the operating subsidiary for the period 2000-2010 and a response letter to major shareholders. Elite theory (Etzioni, 1993; Bottomore 1993; 1991) was developed for this research as an integration of Mills's (1956) conception of power elites, and applied to Shell as a corporate elite in Nigeria to expose and explain how power and dominance are enacted. Since discourse is produced in a socio-political context, Fairclough's (1989, 1992, 1995, 2001) Critical Discourse Analysis (CDA), which recognises the inequality and power dimension in the production of text, is used to explore this context through three levels of analysis: discourse as text, discourse as discursive practice and discourse as social practice. In combination, CDA and the concept of corporate elites expose and challenge the corporate rhetoric and meaning ascribed to oil spills, as well as the power relationship operating via public discourse.

Findings: The key findings illustrate that Shell is in a position to dominate and shape the discourse of oil spills via corporate public discourse. While oil spills are considered 'external' phenomena, Shell encompasses both accidental and intentional oil spills within their public discourse and effectively circumscribes a boundary of responsibility for oil spills. In other words, Shell interprets the nature and subsequent responsibility for what is considered an 'environmental disaster'. This is enabled by several factors, including a weak regulatory environment, the relationship between

Shell and the Nigerian government, the production and dissemination of corporate accountability reports (such as mandated annual reports and voluntary sustainability reports) and the power inequality from the coexistence of the poor in a resource-rich country.

Research Contributions: This research makes three contributions to the literature.

First, it contributes to accounting studies of corporate narrative disclosures of a multinational corporation (MNC) operating as an elite in a developing country, in this case Nigeria, and explicitly demonstrates how corporate narrative disclosures depend on the socio-political context in the country of operation. Second, the application of CDA makes visible the conditions that facilitate elite discourse in corporate narrative disclosures. Third, it departs from traditional accounting studies of disclosures by using an interdisciplinary focus on words and meaning from within the text. The application of elite theory in an accounting context allows an understanding of how public elite discourse is crucially involved in the reproduction of dominance and inequality in corporate narrative disclosures. This is of great importance, given that the current global society faces severe environmental issues, inequality and poverty, especially in developing countries.

Research Limitations: As this research is based on the availability of public discourse, one of the limitations encountered was the limited access to the public discourse of Shell's Nigerian subsidiary SPDC and the Nigerian government. While 10 years of Shell's sustainability reports were available, the SPDC annual reports were only publicly available for a period of six years from 2000-2006.

Future Research: There are a number of research opportunities arising from this thesis. The example of Shell as a corporate elite in Nigeria is fundamental in understanding the role of multinational corporations (MNCs) and their operations in developing countries. Therefore, there is an opportunity to study Nigeria and other MNCs given that other major oil companies operate in the country. This work can also be applied to Shell's operations in other developing countries, such as Somalia, where the context of the company's operations is very similar. This thesis also provides an example of public/private partnership between an MNC and a

developing country which can be contrasted to public/private partnerships in developed countries. Further studies could explore partnerships in a similar context and in different locations.

ACKNOWLEDGEMENTS

*“I learned that courage was not the absence of fear, but the triumph over it. The brave man is not he who does not feel afraid, but he who conquers that fear”
(Nelson Mandela).*

I never truly believed I would reach the day to write this! This day marks a defining moment in my personal and professional life. During this process I have grown as a scholar and as an academic, but most of all as a person, and this is due to many people who shared this journey with me.

First, I wish to thank two people who supported me on this journey the most, my supervisors Associate Professor Mary Kaidonis and Associate Professor Lee Moerman. I thank you for believing in me and for inspiring me to believe in my abilities. Your support and value adding to my work is invaluable and I’m truly grateful for that, and for the journey we shared. I learned a lot from this journey, and I will never take for granted any moment of this unique experience, which means more to me than holding the title of PhD could ever suggest.

I would like to thank many colleagues and friends who have watched me grow over the years. This would not have been possible without your support, belief and encouragement. A special thanks to my dear friend and mentor Dr George Mickhail, you saw something in me many years ago that I did not even see in myself; Dr Corinne Cortese, the beauty of your friendship is unique and special; Dr Sandra Chapple, for all your support; Professor Ed Arrington, your presence in our school is an inspiration; and Dr Kathy Rudkin for all your kindness. Thank you all for everything you have done for me. I also wish to thank all the members of School of Accounting and Finance for their support and encouragement. I would also like to acknowledge the professional editorial assistance of Laura E. Goodin.

And now to the people who are in the deepest part of my heart, and people who inspire me to live, and be a better person each day of my life: my family. My husband Mario - you are not just my husband, you are my life, my friend and my family, you are my world. Only and only you will ever truly know the effort and passion it took to complete this work. To thank you is an understatement – you have wiped my tears, you have shared my happiness and you have believed in me more than anyone else in this world. I owe this to you as much as I owe it to myself. Thank you for walking this life with me.

My wonderful mother - you are my hero and a true inspiration. I learned from you to never give up, and to always fight for what I believed in. I’m proud to be your

daughter and you will inspire me for as long as I live. To my six siblings, my sisters Suzie, Sladja, Mila, Kiki and Nina and my brother Mike: you complete my life and my world. You have always been there, every step of the way in life and on this journey. Without your love and support I would never have been able to complete this. To the rest of my family and friends, thank you all for giving me your love, support and encouragement.

And last but never least in my heart, my late father. A day never passes by that I do not miss you, and a day never passes by that I do not look in the sky to see you. Our life together was cut very short, but the love you gave me I will always carry in my heart. I know you are smiling from above and are very proud of what I became.

.....And to all the great people out there in this beautiful world who inspired me and continue to inspire my life, I'm grateful to be on this earth at the same time as you walking this beautiful thing called life.

“Books were my pass to personal freedom. I learned to read at age three, and soon discovered there was a whole world to conquer that went beyond our farm in Mississippi” (Oprah Winfrey).

DEDICATION

To you, without whom the world would not be as bright as it is,
To you, without whom I would never be what I became,
To you, for all your endless love,
To you, and only you, my wonderful you, my husband Mario.

TABLE OF CONTENTS

| | |
|--|------------|
| ABSTRACT | i |
| ACKNOWLEDGEMENTS | iv |
| DEDICATION | vi |
| TABLE OF CONTENTS | vii |
| LIST OF TABLES | xi |
| LIST OF FIGURES | xi |
| GLOSSARY OF TERMS AND ABBREVIATIONS | xii |
| CHAPTER 1: INTRODUCTION..... | 1 |
| 1.1 The study: Nigeria and oil spills | 5 |
| 1.2 The aim of this thesis..... | 9 |
| 1.3 Methodological considerations | 11 |
| 1.4 Elite theory..... | 13 |
| 1.5 Critical discourse analysis | 15 |
| 1.6 Structure of this thesis | 18 |
| 1.7 Summary..... | 21 |
| CHAPTER 2: ACCOUNTABILITY AND ENVIRONMENTAL CORPORATE DISCLOSURES | 22 |
| 2.1 Introduction..... | 22 |
| 2.2 Accountability..... | 23 |
| 2.3 Corporate media and accountability genres..... | 29 |
| 2.3.1 Annual report as an accountability mechanism..... | 30 |
| 2.3.2 Environmental reports as an accountability mechanism..... | 33 |
| 2.4 Corporate environmental disclosure: evidence from Africa..... | 35 |
| 2.5 Studies on Nigeria and Shell..... | 37 |
| 2.6 Summary..... | 42 |
| CHAPTER 3: BACKGROUND: NIGERIA AND SHELL PLC | 43 |
| 3.1 Introduction..... | 43 |
| 3.2 Nigeria in brief..... | 44 |
| 3.2.1 Political context of Nigeria | 47 |
| 3.2.2 Nigeria and oil | 48 |

| | |
|--|-----------|
| 3.2.3 Oil and Economy | 50 |
| 3.2.4 Nigeria in summary | 50 |
| 3.3 Shell as a multinational corporation..... | 51 |
| 3.3.1 Historical context - Shell in Nigeria | 52 |
| 3.3.2 Shell, SPDC and the joint venture..... | 54 |
| 3.3.3 Public controversies..... | 58 |
| 3.3.4 Oil spills in Nigeria..... | 60 |
| 3.3.5 Public awareness | 62 |
| 3.3.6 Shell's oil spills in Nigeria..... | 64 |
| 3.3.7 Shell and sabotage | 64 |
| 3.4 Summary..... | 65 |
| CHAPTER 4: ELITE THEORY | 67 |
| 4.1 Introduction..... | 67 |
| 4.2 Defining elites | 68 |
| 4.3 Background to elite theory..... | 72 |
| 4.3.1 Power elites | 75 |
| 4.3.2 Corporations as elites..... | 78 |
| 4.3.3 Shell as a corporate elite in Nigeria..... | 80 |
| 4.4 Discourse and power | 85 |
| 4.5 Limitations of elite theory | 87 |
| 4.6 Summary..... | 88 |
| Chapter 5: CRITICAL DISCOURSE ANALYSIS | 90 |
| 5.1 Introduction | 90 |
| 5.2 Critical discourse analysis (CDA)..... | 91 |
| 5.3 Fairclough's three dimensions of a discourse event | 94 |
| 5.3.1 Discourse as text..... | 96 |
| 5.3.2 Discourse as discursive practice..... | 99 |
| 5.3.3 Discourse as social practice | 102 |
| 5.4 CDA and accounting research | 104 |
| 5.6 Application of CDA in this thesis | 109 |
| 5.6.1 Data sources: annual reports, sustainability reports, shareholders' letter | 110 |
| 5.6.2 Analysis of text..... | 112 |
| 5.6.3 Analysis of discursive practice..... | 114 |

| | |
|---|------------|
| 5.6.4 Analysis of social practice | 115 |
| 5.7 Relationship between CDA and elite theory | 116 |
| 5.8 Summary..... | 118 |
| Chapter 6: TEXT ANALYSIS: DISCURSIVE MEANING OF ‘OIL SPILLS’ | 119 |
| 6.1 Introduction..... | 119 |
| 6.2 Overall structure of the public documents..... | 121 |
| 6.3 Shell’s letter to shareholders..... | 123 |
| 6.4 Analysis of Shell’s sustainability reports and SPDC’s annual reports..... | 129 |
| 6.4.1 Operational controllable oil spill discourse | 133 |
| 6.4.2 Sabotage (uncontrollable) oil spill discourse | 140 |
| 6.5 Summary..... | 151 |
| CHAPTER 7: DISCOURSE AS DISCURSIVE PRACTICE | 153 |
| 7.1 Introduction..... | 153 |
| 7.2 Discursive practice and uncontrollable oil spills | 155 |
| 7.3 Discursive practice and controllable oil spills | 159 |
| 7.4 Counter-narrative: an alternative view of Shell’s oil spills | 162 |
| 7.5 Elite discourse and its implications for accountability..... | 172 |
| 7.6 Summary..... | 177 |
| Chapter 8: DISCOURSE AS SOCIAL PRACTICE | 179 |
| 8.1 Introduction..... | 179 |
| 8.2 Oil-spills legislation and regulation in Nigeria | 180 |
| 8.2.1 Oil Pipelines Act of 1958..... | 182 |
| 8.2.2 The Nigerian Petroleum Act of 1969 | 184 |
| 8.2.3 Petroleum (Drilling and Production) Regulation (PDPR) 1969 | 186 |
| 8.2.4 Federal Environmental Protection Agency (FEPA) Decree 1988 | 187 |
| 8.2.5 Environmental Guidelines and Standards for the Petroleum Industry of the Nigerian government (EGASPIN) 2002 | 188 |
| 8.2.6 Weak regulation | 192 |
| 8.3 The discursive power of elites – regulator and regulated..... | 195 |
| 8.4 Summary..... | 197 |
| CHAPTER 9: CONCLUSION AND CONTRIBUTION | 199 |
| 9.1 Summary..... | 199 |

| | |
|--|------------|
| 9.2 Contribution to literature on corporate disclosures in developing countries .. | 203 |
| 9.3 Theoretical contribution | 204 |
| 9.4 CDA contribution..... | 206 |
| 9.5 Thesis limitations | 207 |
| 9.6 Future research..... | 208 |
| APPENDICES..... | 209 |
| Appendix 1 | 209 |
| Appendix 2 | 213 |
| Appendix 3 | 215 |
| Appendix 4 | 217 |
| REFERENCES | 232 |

LIST OF TABLES

| | |
|--|-----|
| Table 2.1 Different categories of accountability | 25 |
| Table 4.1: Different Definitions of Elites | 69 |
| Table 8.1 Relevant oil spill legislation | 184 |

LIST OF FIGURES

| | |
|---|-----|
| Figure 3.1: Joint Venture arrangement with SPDC as the operating and reporting entity | 55 |
| Figure 3.2: Map of Niger Delta region indicating Shell's operations | 57 |
| Figure 4.1: Shell as an elite in Nigeria | 82 |
| Figure 5.1: Fairclough's Three Dimensions of Analysis | 95 |
| Figure 5.2: Application of CDA in this thesis | 112 |
| Figure 6.1: Process of Text Analysis | 122 |
| Figure 6.2: Summary of Shell's explanation of the causes of controllable and uncontrollable oil spills in Nigeria | 130 |
| Figure 6.3: Keywords on controllable oil spills | 131 |
| Figure 6.4: Keywords on uncontrollable oil spills | 132 |

GLOSSARY OF TERMS AND ABBREVIATIONS

| | |
|---------|--|
| AI | Amnesty International |
| AR | Annual report |
| bbl/d | Barrels per day |
| CDA | Critical discourse analysis |
| CSR | Corporate social responsibility |
| EER | Environmental evaluation report |
| EGASPIN | Environmental Guidelines and Standards for the Petroleum Industry in Nigeria |
| EITI | Extractive Industries Transparency Initiative |
| EUI | Economist Intelligence Unit |
| FEPA | Federal Environment Protection Agency Act |
| FoE | Friends of the Earth International |
| JV | Joint venture |
| MNC | Multinational company |
| NGO | Non-government organisation |
| NNPC | Nigerian National Petroleum Corporation |
| OPEC | Organization of the Petroleum Exporting Countries |
| OSCP | Oil-spill contingency plan |
| PDPR | Petroleum drilling and production regulation |
| SEAL | Social and environmental accounting literature |
| Shell | Royal Dutch Shell plc |
| SPDC | Shell Petroleum Development Company of Nigeria |
| SR | Sustainability report |
| SSR | Shell sustainability report |
| UNICEF | United Nations Children's Fund |

CHAPTER 1: INTRODUCTION

During the 1990s, Royal Dutch Shell plc (hereafter Shell) was one of the most scrutinised oil companies in the world (Frynas, 2003). This scrutiny has been a response to a range of environmental and social issues. In particular, the execution of Ken Saro-Wiwa and eight other anti-oil activists (the Ogoni Nine) brought global attention to Shell's operations in Nigeria. The social issues highlighted are confronting and complex and, while not the focus of this thesis, are mentioned here because they set the scene for the thesis topic: Shell and oil spills in Nigeria. In Nigeria, most oil spills occur in the Niger Delta¹, where the majority of the country's oil production takes place. Compared to more-developed countries, such as the US, "there has been a significantly higher rate (spills per length of pipeline) of serious pipeline spills" (Steiner, 2010, p.4) in the region.

Ken Saro-Wiwa, before his death at the hands of the Nigerian military in November 1995, accused Shell of "waging an ecological war against his people" (Okonta and Douglas, 2003, p.95), and noted that:

[t]hirty-five years of reckless oil exploration by multinational oil companies has left the Ogoni environment completely devastated. Four gas flares burning for twenty-four hours a day over thirty-five years in very close proximity to human habitation; over one hundred oil wells in village backyards; and a petrochemical complex, two oil refineries, a fertilizer plant, and oil pipelines crisscrossing the landscape aboveground have spilled death for human beings, flora, and fauna. It is unacceptable (Okonta and Douglas, 2003, p.95).

¹ The Niger Delta is "situated in the southern part of Nigeria is considered one of the 10 most important wetlands and coastal marine ecosystems in the world" (Steiner, 2010, p.11).

This context reflects the domain in which accounting and related issues of accountability are contested. The urgency of environmental events and the impact on natural resource exploitation, combined with disruption to communities, puts environmental concerns uppermost in the minds of the general public (Elijido-Ten et al, 2010). In an accounting context such events have influenced the requirements for company disclosures and other legislation as the public is no longer satisfied with only financial numbers as a reporting mechanism (Gray et al., 2010). This sense of urgency and increased disclosure expectations is even more important in countries where environmental awareness and regulation is inadequate (Elijido-Ten et al, 2010), such as Nigeria.

Environmental disclosures have become a prominent feature in accounting research in the past two decades (see reviews by Gray, 2002; Mathews, 1997; Owen, 2008; Parker, 2005, Thomson, 2007), and while the literature is extensive, the majority of research is conducted within the context of Western developed countries such as the US, Australia and countries in Europe (Belal and Owen, 2007; Islam and Deegan, 2008), where environmental awareness and governmental regulations prevail (Elijido-Ten et al, 2010). The investigation of corporate disclosures of companies operating in developing countries is under-researched. Craig et al. (2010) note that the corporate motivations for undertaking social and environmental accounting in emerging economies is different to that in Western developed countries because of the socio-economic context in which these companies operate. Additionally, in a context where regulation and mandatory reporting are weak and environmental awareness is generally low, it provides a rich setting to study voluntary disclosures (Elijido-Ten et al., 2010). Prior accounting studies focussing on Shell (Unerman, 2000; Bebbington et al, 2008; Unerman and Bennett,

2004, Killian, 2010) have mainly investigated Shell as the parent company of a MNC rather than its specific operations. This thesis departs from this previous work by specifically investigating Shell's disclosures of oil spills in Nigeria, a developing country.

According to Messner (2009, p.918), "calls for greater accountability from managers and corporations are regularly voiced these days, both in the academic literature and in public discussions more generally". A comprehensive concept of accountability requires the availability of information (Steccolini, 2004). Within the accounting literature it is not surprising that the concept of accountability is predicated on the provision and receipt of financial information (Andrew, 2001). These discussions on accountability are often more concerned with shareholders, however; demands for greater public accountability include a broad range of stakeholders such as employees, customers and even future generations (Messner, 2009).

Consistent with this perspective, Schweiker (1993) asserts that the activity of giving an account is the moral dimension ascribed to the practice of accounting. Accounting as such is a discursive act where the 'identity of agents' is evidenced in fiduciary relationships across time. Therefore, building on Schweiker's (1993) argument, this thesis adopts the concept of accountability that a corporation is accountable to the 'other' in its corporate narrative disclosures. This argument supports Shearer's (2002) and Roberts's (1991) idea that the primary exposure to the 'other' requires an account rather than accounting simply for oneself. Accordingly, the responsibility 'for-the-other' is self-interest as manifest in contractual obligations (Messner, 2009). The 'other' in this thesis is the Nigerian communities affected by Shell's oil production. By applying

Schweiker's (1993) concept of a moral accountability, the thesis will examine the subjectiveness and identities reinforced by accounting practices in mandatory as well as voluntary corporate disclosures.

For Roberts (1991, p.361), accounting information is "produced and used within a system of dominance". Accounting information can reinforce particular inequalities and needs (Cousins and Sikka, 1993). While information is required by various social constituencies to control the powerful or call them to account (Cousins and Sikka, 1993) there is always a problem that "information is often controlled by the very people/groups who are to be called to account and the facts may also be constructed according to the theories and definition which may be particularly shaped by the priorities and influence of the powerful groups" (Cousins and Sikka, 1993, p.53).

Messner (2009, p.928) further argues:

[i]f a particular type of discourse assumes a dominant position in the sense that it determines what kind of accountability is available and/or acceptable, then this discourse has power effects. But power operates not only through the relative dominance of a particular type of discourse. It is also a function of the absolute extent to which demands for accountability shape practice, i.e. the extent to which a practice is problematized in discourse and to which this problematization feeds back into practice.

This thesis adopts the notion of corporate disclosures as elite discourse and uses elite theory combined with critical discourse analysis (CDA) to expose how power is enacted through accounting for oil spills. The following sections of this introductory chapter provide a background to oil spills, and outline the aims of the thesis in light of elite theory and CDA as a means to explore oil spill disclosures and accountability in the context of a developing country.

1.1 The study: Nigeria and oil spills

Oil spills are common events, and the number of spills by large multinational corporations (MNC) operating in the oil industry has been increasing. Fingas (2011) argues that major oil spills attract attention and create global awareness of the damage they do, environmental and otherwise. Two examples that gained international media coverage were ExxonMobil's oil spill in Alaska in 1989 and the Deepwater Horizon oil spill (also referred to as the BP Gulf of Mexico oil spill) in 2010. Steiner (2010, p.6) argues:

[a]s a result of the Gulf oil disaster, greater attention is now being paid to the true costs of oil development throughout the world. This is a welcome development. Yet it is unfortunate that as political leaders closely attend to the issues of oil spills in industrialized countries, they continue to ignore similar issues in developing countries.

To put this in perspective in the Nigerian context, the ExxonMobil oil spill was 41.6 million litres (11 million gallons) of crude oil (Birkland and Lawrence, 2002). According to Amnesty International (2009, p.16) "people living in the Niger Delta have experienced oil spills on par with the Exxon Valdez every year over the last 50 years". This makes the region of Niger Delta one of the most oil-affected ecosystems in the world (Steiner, 2010).

Another comparison is the Deepwater Horizon, BP's oil spill in Gulf of Mexico where official estimates indicate that 4.1 million barrels were spilled. Recent estimates over the 50-year history of oil operations in the Niger Delta suggest that spills each year measure some 9 to 11 million barrels (Steiner, 2010). Further,

[w]hile the Gulf spill continues to be cleaned up, most spills in the Delta are left unattended. And while the injured environment in the Gulf stands to receive

substantial funding and government attention, such environmental damage in the Niger Delta is left largely unattended (Steiner, 2009, p. 4).

Nigeria, a West African country, is Africa's largest oil producer, ranked among the top ten globally (EITI, 2011). While the public usually become aware of major spills, they generally do not recognise that spills are a daily fact of life in oil producing sites (Fingas, 2011). Consequently, one of the biggest environmental challenges Nigeria faces is from oil spills. These issues have been highlighted in the public domain by many local and international non-government organisations (NGOs), such as Friends of the Earth International (FoE) and Amnesty International (AI). These events have also not escaped the attention of governments and supranational organisations such as the World Bank, for various reasons. Oil spills are politically sensitive at a global level, as demonstrated by the FoE negative report on Shell and other MNCs' oil operations, and controversial environmental reports by the World Bank as well as environmental agencies such as the Environmental Protection Agency (EPA) and the World Wide Fund for Nature (WWF).

Several MNCs have oil-producing facilities in Nigeria. Shell is one the largest and most profitable oil companies in the world, with operations in more than 80 countries (Shell, 2012); it is ranked - number four overall, and number one in sales (Forbes, 2012). Even though Shell operates worldwide, its operations in Nigeria are the focus of this thesis, which aims to better understand the nuanced environment of oil-spill disclosures by powerful MNCs and how they continue, given the international outrage generated by other high-profile spills such as the ExxonMobile and Deepwater Horizon incidents. According to many NGOs, the Nigerian government and the oil companies have been ineffective preventing oil spills and addressing their impact (AI, 2009, FoE, 2002).

Steiner (2010, p.4) further argues that “this, and other evidence, suggests that oil companies operating in the Niger Delta are not employing internationally recognized standards to prevent and control pipeline oil spills”. Despite the increased scrutiny of Shell’s operations in Nigeria, oil spills are still a common feature. Since 2000 oil spills have become a feature in Shell’s corporate disclosures; this thesis analyses how these oil spills are reported by the MNC parent company in their voluntary sustainability reports and the mandated annual financial reports of the operating subsidiary in Nigeria.

In this thesis the focus is on discursive practices, particularly discourse as textual representations or disclosures in annual reports and sustainability reports. This discourse is also considered in the context of the corporation and its relationship with the government in the developing country. This relationship will be analysed by considering legislative instruments and texts. The continued oil-related issues from Shell’s engagement with Nigeria in the last decades and research by academics, NGOs and various government and supranational agencies provide the background for an exploration of accounting disclosures. The disclosure of oil spills is an important issue of accountability. Nigeria, as a developing country, is embedded within the controversy of poverty and corruption (Chapter 3), and offers a different set of insights into accounting disclosures and accountability than afforded by an analysis of operations within a Western context.

Shell operates in Nigeria through its wholly owned subsidiary, Shell Petroleum Development Company (SPDC). SPDC is the operator of a joint venture (JV) between the government-owned Nigerian National Petroleum Corporation (NNPC), with 55% ownership, Shell 30%, Total Exploration and Production Nigeria Limited (TEPNG)

10% and Nigerian Agip Oil Company limited (NAOC) 5% (Shell, 2012). The JV is not regarded as an entity for reporting purposes. Shell's wholly owned subsidiary, SPDC provides external financial reports on behalf of the JV's operations in Nigeria. In this thesis, the disclosures of the reporting entity via annual reports are considered, since they are an important feature of public accountability discourses.

SPDC contributed around 9% of Shell's global oil and gas production in 2009 (Shell, 2009). Even though Shell's operations are geographically spread, SPDC accounted for the majority of Shell's total oil spills in the period 1998-2009, with a reported 61% of the total volume spilled occurring in Nigeria (Steiner, 2010). The regular oil spills from Shell's operations pollute the environment (Ajao and Anurigwo, 2002; Okonta and Douglas, 2003) and have resulted in many environmental problems (Ojakorotu and Okeke Uzodike, 2006; Obi, 1997; Obi, 1999). A number of reasons for the large number of oil spills in Nigeria from SPDC's operation are cited, including corrosion, technical failures, sabotage and theft (Shell, 2012). These explanations of oil spills by Shell will be examined in this thesis, as they are pivotal to understanding issues of accountability.

Given all the attention to oil spills in the mainstream environmental media, and the degree of scrutiny by many NGOs, there is an opportunity to study how certain actors, players, narrators and interested parties use the discourse of oil spills. Language is a situated discourse embedded in broad socio-political contexts; this thesis uses critical discourse analysis (CDA) as a mode of inquiry. The meanings attributed to oil spills have implications for responsibility, and therefore notions of accountability. In this thesis the particular narrator of interest is Shell, and they ascribe meaning to oil spills in

Nigeria through three types of narrative disclosures: annual reports (SPDC as the operating subsidiary), sustainability reports (Shell as the parent company) and a response letter from Shell to major shareholders' concerns about operations in Nigeria. The letter brings the analysis to the foreground, as it specifically articulates Shell's perspective and corporate policy on oil spills in Nigeria to a specific audience and provides a link to the general-purpose reports. These texts are juxtaposed with three counter-narratives from FoE, AI and the Christian Aid International Development Charity. This thesis will explore how Shell 'negotiates' the phenomenon of 'oil spill' in its narrative corporate disclosures, and will draw insights for MNC operations and accountability frameworks.

1.2 The aim of this thesis

The aim of this thesis is to investigate Shell's narrative disclosures and examine the construction of meaning for oil spills in Nigeria. The context of this study is unique, as it looks at an MNC, Shell: a giant in the oil industry in Nigeria, an oil-rich developing country enmeshed in poverty and political struggles. It is important to analyse corporate accounting disclosures to gain alternative insights into accounting as a discourse of accountability in such circumstances. In this thesis, the language and discourse of oil spills affect our views of these events. Language is a social artefact and language as discourse affects our views of the world. It is influenced by certain social groups, classes, discourses, conditions or relationships; in this thesis it is the discourse of a corporate entity that is of interest. The availability of public documents plays an important role in the corporate context as companies strive to be perceived as more accountable and transparent about their operations. Corporate public documents may be

considered a form of dialogue between corporations and the public. Corporations have a number of media available to make disclosures, including annual reports, special purpose social and environmental reports, sustainability reports, web-based disclosures and media-based advertisements (Jenkins and Yakovleva, 2006; Buhr and Reiter, 2006). Similarly, a majority of large MNCs use a range of different forms of communication and media to disclose environmental issues that relates to the “natural environment, environmental protection and resource use” (Jenkins and Yakovleva, 2006, p.273).

A number of studies analyse accounting discourse (Buhr and Reiter, 2006; Laine, 2005; Livesey, 2002a; Livesey and Kearins, 2002; Milne et al., 2004; and Tregidga and Milne, 2006) and the power relations that exist through accounting discursive representations. This thesis demonstrates the power of language in corporate narrative disclosures; in particular, how discourses produced in an accounting text are dominant as they are sanctioned by legal frameworks and widespread public use, and present a partisan view of ‘oil spill’ phenomena in Nigeria via both regulated and voluntary disclosure.

This thesis addresses the following:

1. Shell’s discourse of oil spills as represented in narrative disclosures.
2. Alternative discourses of oil spills with respect to counter-narratives presented by various NGOs.
3. The role played by Nigerian legislation of the oil industry and how it sustains corporate elite status in a developing country, and facilitates Shell’s oil spills.

Chapter 6: Text Analysis: Discursive Meaning of Oil Spills, addresses the first objective by interrogating the texts to answer the following:

- What specific words are chosen for oil spills?
- What meaning is ascribed to oil spills?
- Which institutions/actors are present in the text and how are they described?

Chapter 7: Discourse as Discursive Practice, is concerned with text production, distribution and consumption and the extent to which discourse practices enable elite discourse. The discourse practice examines counter-narratives from various NGOs. This is important, as NGOs, social movement organisations (SMOs) and others interpret, dispute and counter corporate communications of specific activities and the effects of operations (Tregidga et al., 2012). *Chapter 8: Discourse as Social Practice*, is the analytical level of CDA that explores to what extent the broader socio-political context - in particular, the key role played by the Nigerian government - has enabled or constrained Shell's narratives of oil spills.

This thesis makes a unique contribution by analysing corporate narrative disclosure at three analytical levels: micro, meso and macro. These are juxtaposed with an alternative public narrative by a number of international NGOs and situated within the broader socio-political context.

1.3 Methodological considerations

Over the years a number of different scholars (Hopwood, 1977; 1983, Tinker et al., 1982; Chua, 1986; Dillard, 1991; Andrew 2000; Gaffikin, 2008) have challenged the dominance of positivist research in the accounting field. One of the main criticisms of positivist research is that it does not take into consideration the broader social, political

and historical context that shapes accounting practice (Gaffikin, 2008). This thesis acknowledges the dominance and contribution of positivist research but explicitly moves from this traditional view of studying accounting by using an alternative critical methodology (Chua, 1986; Dillard, 1991), specifically a constructivist methodology, which aims to investigate how meaning is ascribed and discourse is used in corporate narrative disclosures. The critical approach to accounting studies recognises the need to consider the social, political and economic contexts that shape accounting practices (Chua, 1986), and is based on the assumption that “investigating relationships between accounting and the social system provides opportunities for a critical social scientist in accounting to engage in critical evaluation” (Dillard, 1991, p. 24). This allows critical researchers to recognise human factors and the life world that influence accounting practice (Chua, 1986).

The explicit use of language as a social artefact and as a discourse that affects individuals’ world view stems from philosophical assumptions of social construction. The concept of the social construction depends on an acknowledgement of the interaction of objectivity and human subjectivity to form perceptions of reality (Hines, 1988; Gaffikin, 2008). Since language plays a central role in all processes of knowledge creation (Gaffikin, 2008), and accounting can be perceived as “the language of business” that takes “a specialised form of discourse, in part, because it relies, primarily, on numerical representations but also, and relatedly, because it is codified” (Llewellyn and Milne, 2007, p.806), it is appropriate to study the role of accounting in society from a language perspective. Shearer and Arrington (1993) argue that accounting is a specialised language of experts referring to and reporting on “actions, institutions, histories and consequences that are economic, political, social and moral in nature”

(Hopper and Pratt, 1995, p.12). This reporting can be in the form of a large array of text, and for “accounting to be conceived as a broad discursive practice, it has to be free from its particular calculus which limits its use to those individuals competent in that particular language” (Arrington and Francis, 1993, p.113).

Realities are constructed through human agency, and humans use language to explain the world. It follows that society can be described as a “product created by humans, and humans are a product created by society, i.e. humans and society are in a dialectical relationship and influence and constitute each other” (Berger and Luckmann, 2004, pp.7-8). This makes it possible to draw conclusions about society by analysing texts and also to draw conclusions about texts by analysing society. This research adopts such a view to critically analyse the constructions of oil spills in Shell’s corporate narrative disclosures as an ‘empirical reality’ problematised by contrasting, alternative ‘empirical realities’ or counter-narratives from NGOs. In this way, the social construction of ‘oil spills’ will be analysed from the perspective of the narrators who construct and describe their own view of the spills’ importance. In other words, different narrators conceptualise the world and phenomena in different ways. This difference will be explored in terms of elite theory to highlight the influence of power relations on the production of hegemonic discourses of essentially the same phenomenon: oil spills in Nigeria.

1.4 Elite theory

Mathews (1997, p.488) established that the “literature of other disciplines has always had a strong influence on accounting research”. In the contemporary accounting literature a group of political-economy theories including legitimacy theory, along with

stakeholder theory, are often used to analyse annual reports and other corporate texts. Legitimacy theory focuses on how organisations use disclosure strategies to gain, maintain or regain legitimacy (Deegan, 2006). There are many studies (see Patten, 1992; Gray et al., 1995; Deegan and Rankin, 1996; Deegan, 2002; Deegan et al, 2002; O'Donovan 2002; Campbell et al, 2003 and others) that use legitimacy theory to frame an analysis of annual reports and other corporate texts. These studies mainly focused on disclosure changes over a period of time and in “response to particular events” (Bebbington et al. 2006, p.353).

Gray et al. (2010, p. x) elaborate that “legitimacy theory focus may have obscured other potential insights into reporting practices and ultimately what function social and environmental accounting plays in society”. In addition, Deegan (2002, p.298) states that “legitimacy theory might provide useful insights, but it can still be considered to be an under-developed theory”. Stakeholder theory presupposes that expectations of particular stakeholder groups have impact on corporate strategies (Deegan, 2006). While the ideologies of legitimacy and stakeholder theory have contributed to an understanding of the relationship between power and control in corporate disclosures, elite theory provides different insights and highlights issues of unequal power and control in Shell's disclosures of oil spills; these issues cannot be studied in isolation from the Nigerian political, social and economic context.

This thesis is informed by elite theory and the work of Mills (1956), Etzioni (1993), Bottomore (1993; 1991) and van Dijk (1993b). Elite theory suggests that in every society there are groups that occupy powerful positions. These groups are referred to as ‘elites’. Elite theory explicitly identifies these groups and their dominance by

highlighting their power, control and influence. Elites can be categorised in many ways: such as political elites, social elites, academic elites, business elites and so on. In this thesis the concept of corporate elites is integrated with CDA to demonstrate the mobilisation of language. Elite theory provides a theoretical lens to explore the power relations that manifest through public discourse. Shell is identified as an elite in terms of its economic power and control, which are interwoven with Shell's economic, political and social status in Nigeria. By applying elite theory (Chapter 4) this study investigates Shell as more than an MNC within the context of a developing country, which allows new issues and concepts to be explored. In particular, an alternative understanding of corporate disclosure, the corporation and the relationships it can forge with the government of a developing country will be examined. Therefore, it is appropriate to consider the social, political and economic contexts that shape Shell's discursive practices in Nigeria, given Nigeria's status as a developing country and Shell's long history of operations. CDA, which provides a method to analyse discourse within this broader socio-political context, is outlined in the following section.

1.5 Critical discourse analysis

Content analysis constitutes the dominant method (Craig et al., 2010) for the analysis of corporate narrative documents, including annual reports and social and environmental reports in accounting research. A number of qualitative studies using discourse analysis indicate a move away from quantitative-based content analysis (Tregidga et al., 2012). However, consistent with this move away from quantitative analysis, this thesis adopts Fairclough's (1989, 1992, 1995, 2001) critical discourse analysis (CDA), which is well established in the fields of both linguistics and sociology, and has been used as a cross-disciplinary research method in accounting. Fairclough's CDA has been used in various

accounting studies to direct attention to language and accountability (including: Gallhofer et al., 2001; Craig and Armenic, 2004a; Craig and Armenic, 2004b; Laine, 2005; Craig and Armenic, 2006; Nielsen and Thomsen, 2007; Craig and Armenic, 2008; Ferguson et al., 2009; Cortese et al., 2010; Merkl-Davies and Koller, 2012). These studies, which demonstrate different aspects of discourse and different applications of CDA, will be expanded upon in Chapter 5.

Language, discourse and social contexts are seen as communicative devices through which meaning is created, received and interpreted (Fairclough, 1995). Therefore, meaning can be imposed implicit in and influenced by the levels of context in which it is created or in which it exists. This allows language to then become a network of signs that give meaning to the surrounding reality. Jørgensen and Phillips (2002, p.8) argue that “discourse analytical approaches take as their starting point the claim that our access to reality is always through language”. Through “language we create representations of reality that are never mere reflections of a pre-existing reality but contribute to constructing reality” (Jørgensen and Phillips, 2002, pp.8-9). The discursive construction of oil spills found in corporate artefacts such as annual reports and sustainability reports are analysed in the context in which that discourse has been created, received and interpreted (Fairclough, 1992, 1995). In this thesis annual reports, sustainability reports and a response letter to major shareholders will form the empirics to which CDA is applied.

Fairclough (1992, p.72) believes that “we must try to understand how members of social communities produce ‘orderly’ or ‘accountable’ world-s”. Corporations are important members of the global society, and of the social communities that depend on them. The

practice of meaning-making as public discourse is a strategic resource for corporations to communicate with society. In this thesis, corporate disclosures about oil spills (outlined earlier and discussed in Chapter 3) raises important questions, explored in Chapters 6, 7 and 8.

The main focus of Fairclough's CDA is to analyse discourse as text, as a discursive and a social practice. At the text-analysis level (Chapter 6) this thesis uses the following public documents: Shell Sustainability Reports (SSR) from 2000-2010, Shell Petroleum Development Company's (SPDC) annual reports (AR) from 2000-2006² and, in particular, a letter from Shell in 2010 in response to major shareholders' concerns about oil spills in Nigeria. The 10-year period selected for analysis reflects corporate disclosure following the Ogoni Nine incident and Shell's subsequent increase in oil-spill disclosures. The 'discursive practice' level (Chapter 7) includes an analysis of a number of texts from outside the corporation. These documents serve as counter-narratives to the text analysis of Shell's discourse. The 'social practice' level (Chapter 8) uses contextual material, including Nigeria's oil-spills legislation, to provide insights into the broad socio-political context of Shell's operations.

² SPDC annual reports were publicly available for the period 2000-2006. The researcher contacted SPDC for the reports for 2007-2010, but received no response. Therefore, the analysis was supplemented with a shareholder letter published in 2010 which summarised information regarding Shell's oil spills in Nigeria. Additionally, oil spills in Nigeria were also disclosed in the sustainability reports of the parent entity Shell for the period 2000-2010.

CDA also recognises the power dimension in the production of text, and this thesis adopts the concept of corporate elites to expose and challenge the corporate rhetoric and meaning ascribed to oil spills, as well as the power relationship operating via public discourse. In this thesis, elite theory informs the critical discourse analysis and offers broad and overarching views that explore the meaning-making of corporate activity through disclosure: in this case, Shell's corporate disclosures of oil spills in a developing country, Nigeria. By applying the framework of elite theory, this thesis shows the 'identity' and power of language in corporate narrative disclosures to categorise specific entities; in particular, the role of power in corporate elites' construction of the public discourses of oil spills.

The central concepts of elite theory, in this thesis, expose power and dominance in Shell's discursive meaning of oil spills with a systematic analysis of discourse at a number of different levels (Chapters 6, 7 and 8). Elite theory, therefore, exposes the relationship between power and discursive inequalities by analysing Shell's corporate disclosures in the context of a developing country. The application of a corporate elite provides an opportunity to study Shell as more than a mere reporting legal entity. Shell as an MNC is assumed to be 'powerful', and elite theory explicates how this elitism is manifest in the Nigerian context.

1.6 Structure of this thesis

This thesis is organised as follows.

Chapter 2: Accountability and Environmental Corporate Disclosures explores the concept of accountability in general, the concept of accountability adopted in this thesis and corporate disclosures (annual reports, sustainability reports) as mechanisms of

accountability. This is followed by an analysis of the literature on corporate social and environmental disclosures in developing countries. The last section of the chapter investigates relevant studies on Nigeria and Shell.

Chapter 3: Background: Nigeria and Shell Plc introduces Nigeria as a developing country in Africa, looking in particular at Nigeria's economic, political and environmental context. A brief overview of the history and politics of Nigeria is followed by an account of the economic development of Nigeria and the role oil plays in this development. The chapter then provides a brief historical background of Shell, its operations in Nigeria and its relationship with the Nigerian government. The chapter contextualises both the international and national profile of Shell's operations in Nigeria, Nigeria's oil industry and Nigeria's relationship with Shell. The problems associated with oil spills conclude this chapter.

Chapter 4: Elite Theory begins with a description of elites, their meaning and the ways in which they are described in the literature. This is then followed by a background to elite theory; more specifically, the ideas of classic and contemporary elite theory. Elite theory is further extended to the idea of power elites and corporate elites. The idea of a corporate power elite is then applied to Shell and its status in Nigeria. This theory of elites is traced to CDA, as both refer to the role of power in the construction of corporate disclosures.

Chapter 5: Critical Discourse Analysis presents Fairclough's (1989, 1992, 1995, 2001) three-dimensional framework of CDA. This chapter introduces and provides an

overview of CDA, and explores the use of CDA in accounting studies. The relationship between elite theory and CDA concludes this chapter.

Chapter 6: Text Analysis: Discursive Meaning of Oil Spills presents the first level of analysis in Fairclough's CDA framework by analysing Shell's public discourse. The analysis focuses on the use of dominant words ascribed to oil spills in Shell's disclosures and those of its Nigerian subsidiary, including sustainability reports, annual reports and a response letter to major shareholders. The analysis highlights differences in ascribed meaning when reporting on different causes of oil spills.

Chapter 7: Discourse as Discursive Practice presents the second level of Fairclough's CDA framework. At this level of analysis, the dominant discourses identified in the text analysis are problematised using several counter-narratives in the public domain, including those from FoE, AI and Christian Aid International Development Charity. Shell is reconceptualised through the perspective of elite theory as a corporate elite, and its role in controlling discursive practices taken beyond its identity as an MNC.

Chapter 8: Discourse as Social Practice is the third level of Fairclough's CDA. This level examines the wider power context of Shell's disclosures. It highlights the importance of the relationship between Shell and the Nigerian government by examining Nigerian legislation and the regulation of oil spills. This particular discourse and relationship is understood by coalescing CDA and elite theory.

Chapter 9: Conclusion and Contribution draws on the analysis and discussion to detail the contributions of this thesis. This final chapter gathers the insights of the previous

chapters into Shell's power to control text, discourse practice and social practice. Theoretical and methodological contributions are considered with respect to the literature of accountability in developing countries. The chapter concludes by suggesting future research opportunities that can be built on this thesis.

1.7 Summary

This chapter presented an overview of the study, introducing the research aims and contributions, discussing the background, motivations and justification for this study and describing its methodology and underlying theory. The next chapter explores accountability in the context of social and environmental disclosures.

CHAPTER 2: ACCOUNTABILITY AND ENVIRONMENTAL CORPORATE DISCLOSURES

2.1 Introduction

The objective of this chapter is to provide an overview of social and environmental disclosures in corporate disclosure mechanisms such as annual reports, and social and environmental reports (SER) or sustainability reports. Corporate social and environmental accounting (SEA) disclosures have become one-way: organisations attempt to discharge accountability for their social and environmental impacts. According to Gray et al. (2010), social pressures have influenced the rise of companies' non-financial accounting disclosures, which has led to an increased disclosure about these companies' social and environmental aspects. However, this view of corporate accountability is contested, and a number of studies have demonstrated that corporate narrative disclosures can function as a type of corporate propaganda (Collison, 2003), a legitimization device (Patten, 1992; Cho and Patten, 2007; Cho, 2009), and a tool for stakeholder management (Buysse and Verbeke, 2003). Many studies are critical of corporations' motives, and see this form of reporting as stemming from corporations' 'narcissistic concerns' to appear responsible (Roberts, 2003), mere acts of corporate egoism (Messner, 2009). Collison (2003), for example, links corporate media such as annual reports and social and environmental accounting as propaganda used by elites, as the companies that produce these reports are in a powerful position. This thesis builds on the concept of elite discourse.

This chapter begins with a discussion of accountability, with reference to corporate accountability and accounting disclosures. This is followed by an explication of accountability consistent with the methodological considerations of CDA and elite theory, and an overview of different accountability genres used by corporations, such as annual reports and social and environmental reports. The penultimate section discusses relevant literature on corporate environmental disclosures within developing countries, and the final section discusses accounting studies on Shell and Nigeria.

2.2 Accountability

The concept of accountability is perceived differently in various contexts, and it is often given a discipline-specific meaning (Sinclair, 1995). This is why an increasing body of literature has demonstrated the difficulty in defining this multidimensional concept. However, a sociological perspective of accountability provides a basis for the common meaning of an exchange of reasons for conduct (Messner, 2009).

In the accounting literature, accountability is a concept that in simple terms refers to a responsibility to give account for one's actions (Gray et al., 1986, 1987, 1988, 1991, 1996). Accountability involves explaining one's actions, in the context where one party (the accountant) is accountable to another party (the accountee) (Steccolini, 2004). While these definitions are similar and describe a relationship, the concept of accountability is nuanced in the accounting literature: it is an 'elusive concept' (Sinclair, 1995); a "multifaceted and complex concept" (Steccolini, 2004, p.330); and, a problematic concept with a number of limitations (Roberts, 2009; Messner, 2009). There are many types, forms and styles of accountability. For example,

Sinclair (1995) identifies forms of accountability as political, public, managerial, professional and personal. Other concepts of accountability include: intelligent accountability (O'Neill, 2002), moral accountability (Schweiker, 1993), hierarchical accountability (Roberts, 1991) and transparency as a form of accountability (Roberts, 2009). For Hoskins (1996, p.267), "accountability unsettles and subsumes responsibility, opening the subject to the prospect of a constant re-specification of what they are answerable for".

Hence, Sinclair (1995, p.221) notes that how accountability is defined depends on the "ideologies, motifs, and language of our times". For instance, "auditors discuss accountability as if it is a financial or numerical matter, political scientists view accountability as a political imperative and legal scholars as a constitutional arrangement, while philosophers treat accountability as a subset of ethics" (Sinclair, 1995, p.221). This is further supported by Cousins and Sikka (1993), who argue that the meanings of accountability can be contested, shaped and changed. In light of the above, a number of definitions from different perspectives are offered. Table 2.1 summarises some categories identified in the current accounting literature.

Table 2.1 Different Concepts of Accountability

| Concept | Authors | Definition |
|--|-----------------------------------|---|
| Accountability as a requirement to give an account | Roberts and Scapens (1985, p.447) | Accountability can be understood as a requirement to give an account of oneself and of one's activities. |
| Hierarchical accountability | Roberts (1991, p.355) | Relates financial accountability to hierarchical forms of accountability. Hierarchical forms of accountability, in which accounting plays a central role, serve to produce and reproduce an individualized sense of self; a sense of the self as essentially solitary and singular, nervously preoccupied with how one is seen. |
| Moral accountability | Schweiker (1993) | Giving an account to others. |
| Accountability as an answerable action | Inanga (1991, p.5) | A process in which individuals and organisations are compelled to be answerable for their actions and responsibilities. |
| Accountability and power | Cousins and Sikka (1993, p.53) | Accountability meaning depends on relations of power, and has always been contested. It can be changed through social struggle and practice. |
| Accountability and duty | Gray et al. (1996, p.38) | Duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held responsible. |
| Accountability and other | Shearer (2002, p.545) | Answerable, i.e. one must be able to give evidence of the reasonableness of his or her actions to a community of others. Accounting should move from an 'accounting for-the-self' to an 'accounting for-the-other'. |
| Transparency as a form of accountability | Roberts (2009, p.2) | Intelligent form of accountability that "does not exclusively rely on the power to make things transparent, but acknowledges the impossibility of this ideal of a self that is fully transparent to itself and others". |
| Accountability as a morally significant practice | Messner (2009, p.920) | To give an account means to provide reasons for one's behaviour, to explain and justify what one did or did not do. Accountability is a morally significant practice, since to demand an account from someone is to ask this person to enact discursively the responsibility for her behaviour. |
| Accountability and oneself | Joannides (2012, p.245) | Accountability can be understood as a requirement to give an account of oneself and one's activities. The subject is then constituted as answerable, <i>i.e.</i> one must be able to give evidence of the reasonableness of his or her actions to a community of others. |

Table 2.1 demonstrates that themes of accountability are concentrated around giving an account and answering for one's actions. Accountability always enacts intersubjectivity (Shearer, 2002), and therefore it is understood in different ways, including as a personal obligation; an obligation for power or authority; and a

consequence of scrutiny (Sinclair, 1995). The concept of accountability can be also expanded to include groups other than individuals, such as corporations or governments (Andrew, 2001). In this thesis, accountability is concerned with a corporation, Shell and the accountability it discharges via its corporate narrative disclosures. In the context of this thesis, accounting information can be a ‘powerful and persuasive tool’, and provides a source of information that contributes to constituting our discourses of accountability (Andrew, 2001). For example, elites including corporations have the opportunity to produce elite discourse (van Dijk, 1993). This elite discourse is a powerful reproduction of the amount of control and power elites have over their actions. Van Dijk (1993, p.44) argues that this control is usually “explicitly implemented by decision making, use of special speech acts and discourse genres (e.g., commands, orders, advice, analyses, and all forms of public discourse), and other forms of action that directly or indirectly influence the actions of others”. In an accounting context, this type of elite discourse is produced in corporate narrative disclosures; elite accountability is enacted in such disclosures.

This thesis adopts a concept of accountability where accounting moves from an ‘accounting for-the-self’ to an ‘accounting for-the other’ (Schweiker, 1993; Shearer, 2002). Currently, accounting is seen as promoting a type of accountability that does not include mutual responsibilities, and presumes individuals are mere economic subjects (Messner, 2009). This reductionist view of accountability as a justification of one’s actions is misconstrued (Messner, 2009). Schweiker’s (1993) concept of accountability encompasses the view that accounting is concerned with questions of how we should live. For Schweiker (1993), to be accountable is to establish one’s identity as intrinsically interdependent; accountability, therefore, has a moral

dimension subject to ethical reflection. Along similar lines, Roberts (1991, p.365) asserts that “at the heart of accountability is a social acknowledgement and an insistence that one’s actions make a difference to both self and others”. This is of importance to this thesis, particularly to the ‘identity construction’ of the ‘other’ in relation to oil spills (Chapters 6 and 7).

Shearer (2002, p.544) argues that the “moral accountability enacted by accounting reports exhibits the same ethical deficiencies as the interpersonal relationship of economic accountability”. This notion of moral responsibility grounds the accountability of a corporation such as Shell with respect to the community, such as Nigeria, in the accounting practices undertaken to discharge accountability. The very possibility of disclosure of social and environmental impacts such as oil spills presupposes notions of accountability and “consequently the moral status of economic entities as well as the ethical presuppositions from which moral status derives” (Shearer, 2002, p.543). This thesis explores corporate public discourse in annual reports and social and environmental accounting reports as accountability mechanisms. This means that Shell provides the account and is accountable to a broader concept of good than its own interests.

According to Shearer’s (2002) concept of accountability Shell discloses to the ‘other’- the Nigerian community - what its operations do, as Nigeria as a whole is a community of moral agents within which the entity is situated, and which defines whose needs count and whose good is sought. In other words, “giving an account renders economic forces servants of larger human and environmental purposes

without negating the singularity of their identities or motives” (Schweiker, 1993, p.249).

Schweiker (1993) acknowledges the importance of language in the enactment of moral identity: “when an individual renders an account of her or his actions, this linguistic activity enacts a ‘doubleness of identity’ whereby the individual is both the one acting and the one accounting for the acting” (Schweiker’s, 1993, p.240). This concept of doubleness of identity is further expanded in this thesis in Chapters 6 and 7. Shell’s disclosure of oil spills presents a twofold identity: the company and the ‘other’. Therefore,

[an] appreciation of this doubleness is critical to understanding the source of moral agency as a discursive portrayal of an identity evokes an awareness of relationship to others, and hence constitutes the identity as interdependent with others. In these relations to others lies the invitation to moral evaluation, and the source of moral agency (Schweiker, 1993, p.241).

If discourse is seen to be not merely produced by, but producing, human subjectivity, then the “discourse in terms of which the account is rendered will define both the behaviors for which one is accountable and the criteria of reasonableness by which one’s activities” (Shearer, 2002, p.546) are judged. Therefore, accounting practices have consequences. These practices are in the form of regulated financial reports and other reporting, such as voluntary social and environmental disclosures. These have developed from a perceived need ‘to account’ and meet societal expectations.

2.3 Corporate media and accountability genres

Corporations communicate with their stakeholders via different forms, and corporate public discourse comprises a combination of multiple communications (Buhr and Reiter, 2006). After all, accounting is said to be the ‘language of business’ (Buhr and Reiter, 2006; Llewellyn and Milne, 2007) and an instrument of representation of financial and non-financial information. Roberts (1991, p.363) states that “accounting information acts as a mirror through which producers and their activity are made visible”, whereby “others must view, judge and compare individual and group performance”. The power of accounting information has emerged from the institutionalisation of an authoritative means of making activity visible (Roberts, 1991). Therefore, corporate disclosures are authoritative, key public discourses of corporations.

Within the field of accounting, corporations use a number of different communicative genres to connect with the public and present their information. Some of these vehicles are mandatory, such as financial statements for publicly traded companies, and some of these are voluntary, such as the social and environmental accounting and sustainable-development reports (Buhr and Reiter, 2006).

In this thesis corporate reports are considered to be accountability mechanisms, and the oil spills disclosures they contain are a part of this accountability mechanism. Therefore, disclosures of oil spills provide a means to explore the ‘account’, ‘accountor’ and ‘accountee’. They are an artefact used to interrogate the discursive

practice of accountability and all that this entails, including the construction of the other, and the inversion of responsibility and blame to the 'other' (Chapter 7). It will be argued that disclosures of this nature are a result of power, elite status and political advantage. Corporations as producers of accounting information are considered dominant institutions, and are given this prominent position; however, the economically powerful need to be accountable (Cousins and Sikka, 1993). For Cousins and Sikka (1993, p.53), "the aim of accountability is always to affect the discretion and autonomy of those who are in positions of power"; moreover, "information not just accounting information can be used to highlight particular inequalities and needs" (Cousins and Sikka, 1993, p.53). Therefore, it is important to explore the accountability of an MNC embedded within social and political struggles of a developing country, and how accountability can be different in such a context.

2.3.1 Annual report as an accountability mechanism

Annual reports are considered as an important vehicle for corporate accountability. Stakeholders' perspectives of accountability are seen through this form of corporate disclosures (Deegan, 2009). Annual reports are used because organisations commonly signal what they perceive as important through these reporting mechanisms (Guthrie and Abeysekera, 2006). In this case the annual reports tell us about Shell's corporate responsibility, what Shell needs to be accountable for and the moral agency of accounting.

On the other hand, annual reports are often seen as mere regulatory devices or formal public documents produced as a response to mandatory reporting requirements (Stanton and Stanton, 2002). In contrast to other corporate media annual reports

possess a certain degree of credibility as they are audited (Jenkins and Yakovleva, 2006). In effect, annual reports are tools that companies use to communicate to their audiences, including shareholders, suppliers, media, government and other stakeholders.

While companies commonly use other means of reporting media, such as newspaper advertisements, corporate web pages and (more recently) sustainability reports, the annual report is one of the only documents that is always available to stakeholders of publicly-listed companies (Adams et al., 1998). Gray et al. (1995, p.82) further argues that, besides being read by the organisation's 'relevant publics', the "annual report not only is a statutory document, produced regularly, but it also represents what is probably the most important document in terms of the organization's construction of its own social imagery". Annual reports, therefore are the "most publicised and visible documents produced by companies" (Jenkins and Yakovleva, 2006, p.273). In this thesis, the annual reports of Shell's subsidiary in Nigeria, SPDC, encompass a relationship between the regulator (Nigerian government) and the regulated (Shell). The multi-layered discourse analysis of the annual report makes visible the relationship between Shell and the Nigerian community through oil spills. This relationship is further explored in Chapters 6, 7 and 8.

Annual reports also contain a certain amount of social and environmental information (Jenkins and Yakovleva, 2006) and, according to Deegan and Rankin (1996), certain stakeholders seek information from the annual report concerning environmental activities. This has led researchers to believe that companies use annual reports as a vehicle for a range of disclosures for those interested in social and

environmental issues (Campbell and Beck, 2004). Therefore, in accounting research annual reports have been used to investigate social and environmental disclosures (see e.g., Patten, 1992; Tilt, 1994; Deegan and Gordon, 1996; Deegan and Rankin, 1996; Adams et al., 1998; Campbell, 2000; 2004; O'Donovan, 2002; Cho and Patten, 2007; Laine, 2009). In addition, annual reports have been used to inform the public of the firm's social and environmental accountability (Tilt, 1994; Rankin, 1996; Neu et al, 1998; Cormier, Gordon and Magnan, 2004). This thesis interrogates the annual reports of Shell's subsidiary SPDC in Nigeria because these reports represent SPDC's main publicly-available communicative mechanism on oil spills; in doing so, this thesis contributes to an understanding of annual reports as an accountee for social and environmental impacts.

However, this view limits accountability (Messner, 2009). To address this, "several authors have suggested the introduction of more encompassing forms of accountability, as may be achieved through social and environmental reporting practices" (Gray, 2002; Shearer, 2002; Unerman and Bennett, 2004; Messner, 2009, p.919). Furthermore, "it has also been proposed that disembodied forms of accounting need to be complemented with a situation-specific sensitivity for the 'particular other' whose interests and values cannot be appropriately accounted for by a system of general rules or principles" (Lehman, 1999; Roberts, 2003; Shearer, 2002; Messner, 2009, p.919).

Although the level of social and environmental disclosure in annual reports has increased over the years, the advent of 'standalone' reporting practices is, now evident in many countries (Gray et al, 2010, p. x) and has become a popular medium

to report on social and environmental performance. This is explored in the following section.

2.3.2 Environmental reports as an accountability mechanism

Environmental issues have become important topics of corporate disclosure as there is an increased concern for the social and ecological impacts of a capitalist economic system (Messner, 2009). Roberts (2009), points that ‘in recent years, there has been a constant emergence of new forms of financial and non-financial disclosures to stakeholders, arguably reflecting a faith in transparency’ and a belief that “accounting and the environment can no longer be considered mutually exclusive” (Andrew, 2001, p.210). In relation to the potential of greater transparency to create environmental responsibility; Gray (1992, p.415) asserts:

The development of accountability...increases the transparency of organisations. That is it increases the number of things that are made visible, increases the number of ways in which things are made visible, and in doing so encourages a greater openness. The inside of organisation becomes more visible, that is transparent.

Compared to other forms of corporate-disclosure genres such as annual reports and directors' letters to shareholders, the environmental report is a relatively new artefact of corporate communication, becoming noticeable only in the early 1990s. According to Jenkins and Yakovleva (2006, p.274) in the late 1990s companies started to produce sustainability reports (for example Placer Dome) and also ‘reports to society’ (for example Anglo American). The first companies to release stand-alone Environmental Reports were those in the oil industry, in the 1980s and early-90s (Jenkins and Yakovleva, 2006).

Over the years the content and naming of environmental reports have changed. Most recently, the reports have taken on the language of sustainable development with titles to match (Deegan, 2009). This diversity of reports and the change in nomenclature is to be expected with the changing discourse of environmentalism (Buhr and Reiter, 2006). It can be argued that the term ‘sustainable’ gained popularity due to the changes in global thinking about the environment and more awareness of living sustainably. For corporations, social and environmental reports are symbolic, and serve as the purveyor of green images and environmental legitimacy (Buhr and Reiter, 2006) that draw on the well-established legitimacy of accounting and annual reports (Richardson, 1987). This type of corporate communication contributes to the ‘social construction of reality’ (Hines, 1988; Morgan, 1988) in the same way as financial accounting (Buhr and Reiter, 2006). For the purpose of this thesis, the extent to which Shell’s reports may or may not represent some underlying reality is not an appropriate question; rather, the focus is on the discourse and discursive construction concerning oil spills and the Nigerian communities in which Shell is held to account.

Shell has been producing sustainability reports for the last 15 years, with the title and content of the reports changing over time. Sustainability reports as accountability mechanisms appear especially in environmentally sensitive industries such as oil production and are an important forms of public discourse. Shell Canada produced their first report, *Progress Toward Sustainable Development*, in 1991. According to Shell Canada (2002, p.3), this was “one of first sustainable-development reports to be published in the world, and it was pioneering in many ways and set a standard for the company”.

MNCs are expected to disclose environmental and social issues relating to their subsidiaries because of their global environmental and social impact (Tilt, 1994). In the case of Shell in Nigeria, Shell discloses oil spills from its operating subsidiary SPDC. The following chapter expands this idea to Shell's performance data by regarding the number of oil spills in Nigeria over a period of 10 years, and juxtaposing this data with a CDA analysis in Chapters 6-8.

2.4 Corporate environmental disclosure: evidence from Africa

The number of accounting studies of social and environmental disclosures has grown over the years (see reviews by Gray, 2002; Mathews, 1997; Owen, 2008; Parker, 2005; Thomson, 2007); most of the research has focussed on corporate operations in developing countries. For example, from the 1980s through to early 2000s the focus has mainly been on developed countries such as Australia and those in North America, and Europe (Belal and Owen, 2007; Islam and Deegan, 2008; Eljido-Ten and Kloot, 2010; Craig et al, 2010) where environmental awareness and government regulations are established (Eljido-Ten and Kloot, 2010). This could be due to high community expectations in developing countries for corporations to produce environmentally responsible behaviour.

Research on social and environmental accounting in emerging and less developed countries is limited, despite the increase in MNC involvement in developing areas. The socio-economic realities of these countries are different as are corporate motivations for undertaking social and environmental accounting (Belal et al. 2011, Craig et al., 2010). In addition, 'researchers in this field consider that less powerful

stakeholders need to be given a greater voice if there is to be true accountability' (Tilt, 2007, p.104).

Thomson (2007) studied geographical locations in the accounting literature, examining different empirical sites, research topics and research participants, and found that there is a clear geographic and ideological bias toward geographic locations and entities studied in developed countries. However, studies offering contributions to the literature from developing countries are emerging (Teoh and Thong, 1984; Sing and Ahuja, 1983; Abayo, Adams and Roberts, 1993; Savage, 1994; Choi, 1999; Disu and Gray, 1998; Barako et al., 2006; Belal, 1999; Belal, 2001; Kuasirikun and Sherer, 2004; de Villiers and van Staden, 2006; Islam and Deegan, 2008).

For the purpose of this thesis, the African context provides a unique set of socio-political consequences. Africa contains resource-rich economies alongside extreme poverty, and it is with this context that this thesis is situated. When it comes to research of social and environmental accounting in Africa most studies have explored disclosures from a sample of leading or large corporations (Savage, 1994; Kisenyi and Gray, 1998; De Villiers and Staden, 2006; Barako et al., 2006). Generally, the studies have focussed on the trends in environmental disclosures, on the extent of environmental disclosure in general supported with general descriptions of environmental disclosure practices. The disclosure studies tend to be descriptive and use quantitative analysis to demonstrate what is reported, but do not include the broader social, economic and political context of the countries investigated. This provides an opportunity for studies that interrogate beyond the sheer volumetric

disclosures to explore the texts' meaning; this thesis makes its unique contribution in the literature in this way.

This area of study poses a number of challenges. Authors such as Kisenyi and Gray (1998), found it difficult to make any definitive conclusions about disclosures in Uganda due to the reluctance of corporations to provide relevant data. In addition, some of the literature also focused on longitudinal studies (De Villiers and Staden, 2006; Barako et al, 2006). This thesis is similar as it focuses on a longitudinal disclosure of oil spills in Nigeria over a period of 10 years; however, it departs from a quantitative analytic approach by applying CDA and analysing corporate disclosures within a broader socio-political context.

The following section builds on this literature by introducing specific social and environmental accounting studies that have been carried out in Nigeria, and specific studies on the case company, Shell.

2.5 Studies on Nigeria and Shell

While there are only limited number of social and environmental accounting studies in the Nigerian context, of particular importance to this study is the research of Disu and Gray (1998), who explored social reporting of 22 MNCs in Nigeria. They note that all companies included disclosures, such as 'charitable donations, employment data, pensions, employee consultation, employment of the disabled, health and safety and corporate governance', and suggest that disclosures are made only if they are mandatory. This could be due to weak regulation in Nigeria and generally low awareness of environmental disclosures.

Accounting research concerning Shell in Nigeria is also limited. Unerman (2000) conducted a 100-year content analysis to examine corporate social responsibility (CSR) disclosures from a broad range of Shell's corporate reports, including annual reports. He found that many corporate reports, other than annual reports, contained CSR-related information. Unerman (2000) concluded that exclusive focus on annual reports may lead to an incomplete picture of CSR. Building on this argument, this thesis includes Shell's sustainability reports in the analysis of corporate disclosures to present another representation of Shell's oil-spill disclosures in Nigeria.

One of the limitations of Unerman's (2000) longitudinal study was a lack of theoretical framework to explain the disclosures. However, a later study by Unerman and Bennett (2004) used Habermasian discourse ethics as a theoretical model to explore Shell's internet-based stakeholder dialogue. They examined Shell's 'web forum' as a means of "giving previously unheard stakeholders a voice in the determination of corporate responsibilities" (Unerman and Bennett, 2004, p.702). After examining 471 postings by external stakeholders on the web forum over two and a half years, they concluded there was little evidence of the forum being used for 'discourse or debate'; rather, it was more a place to express a particular viewpoint. They also concluded, however, that the company ignored the views of many stakeholders.

Bebbington et al (2008) analysed Shell's 2002 CSR report using reputation risk management (RRM) to link Shell's disclosures to discursive reputation strategies. Bebbington et al. (2008) concluded that reputation discourses conveyed in Shell's

2002 report are aimed at “the self and focus on the narcissistic manufacture of the organisation’s identity as being good” (Bebbington et al., 2008, p.353). This thesis also analyses discursive representations but extends the analysis to a 10-year period.

In addition, research using Shell’s corporate disclosures has been conducted outside traditional accounting fields of inquiry (Livesey 2001; Livesey, 2002; Livesey and Kearins, 2002; Nielsen and Thomsen, 2007; and others). Livesey (2001) addressed the eco-discourse used by Shell that emerged as a result of two environmental disputes. Livesey (2001) analysed the ‘language games’ between Shell and its critics after the Brent Spar controversy and also Shell’s operations in the Ogoniland, Niger Delta. Combining sensemaking and Foucauldian approaches, the author argued that “local conflicts over meaning-making around the natural environment must be understood in terms of discursive struggle at the socio-political level where they both reflect and influence dynamics of cultural and institutional change” (Livesey, 2001, p.58).

Further, Livesey (2002) offered interpretation of Shell’s first annual *Report to Society* accompanied by additional text from Shell’s expert consultant, John Elkington. The report was “published in April 1998 after a period of crisis, self-reflection and change, the report, *Profits and Principles: Does There Have to Be a Choice?* (Knight, 1998), produced an account of Shell’s self-proclaimed transformation” (Livesey, 2002, pp. 314-315). Livesey (2002) used rhetorical and discourse analysis to interpret language and practice to demonstrate how Shell’s and Elkington’s local engagements responded to and altered the broader discursive order (Livesey, 2002). The results of this study indicate that “a large part of Shell’s

purpose and a central function of reporting as envisioned by Elkington was to re-establish discursive regularity” (Livesey, 2002, p.338). Livesey (2002, p.338) stated that Shell’s report “reflects a corporate desire for hegemonic control” and “expression of its sustainability commitment and its integration of the concept into its business lexicon demonstrated strong residual effects of the dominant discourse of economic development” (Livesey, 2002, p.338). Livesey’s (2002) analysis focussed on a report from a single organisation, Royal Dutch Shell, and concentrated on a single year’s reporting; this thesis uses an extended period of time and both annual and sustainability reports specific to the Nigerian context. This thesis builds on Livesey’s (2001, 2002) work by examining corporate disclosures as a discursive struggle and explores the elitist control Shell has over discourse of oil spills.

Livesey and Kearins (2002) analysed 1998 sustainability reports published by Shell Group and The Body Shop International, using Foucauldian discourse analysis to compare the language of reports published under disparate circumstances by the two companies. They argued that “Shell and The Body Shop bolstered their claims of transparency with the assertion that they were companies who cared. In expressing a sense of caring and emotional investment, these reports paint a portrait of companies with “good intentions” (Livesey and Kearins, 2002, p.252).

Studies by Livesey (2001, 2002), Livesey and Kearins (2002) and Bebbington et al. (2008) make a unique contribution to the discursive analysis of Shell’s reporting; however, none of these studies investigated other dimensions of analysis beyond the text. This thesis builds on these previous studies and offers an extension of text analysis by using CDA to interrogate text as a discursive and social practice. By

examining the social practice this thesis looks at the inseparable relationship between text and context (the organisational context of Shell as elite in a developing country, but also the context of the place and the location of its operations, Nigeria). This contribution is supported by Tregidga et al (2012) who call for this level of understanding of the production of organisational reporting and communication as an important element in achieving a more holistic insight into the quality and meaning of organisational reporting and communication and the discharge of accountability.

Prior studies of Shell's discourse mainly looked at the environmental disclosure in general. This thesis builds on prior disclosure studies by providing a longitudinal study over a 10-year period of a particular aspect of activity – oil-spill disclosures within a developing country with a range of stakeholders in differing contexts and social locations. In addition, the literature review revealed that the longitudinal studies undertaken into corporate environmental disclosures mainly relied on a content-analytical approach exploring the extent of environmental disclosure and what is disclosed. This thesis departs from volumetric measures to analyse corporate communications from a different methodological perspective. In doing so, it adds to a growing body of literature on corporate social and environmental disclosures that have applied discursive and similar methodologies to the studies of corporate disclosures (Buhr and Reiter, 2006; Laine, 2005; Laine, 2009; Livesey, 2002; Livesey and Kearins, 2002; Milne et al., 2006, 2004; Tregidga and Milne, 2006). These studies have applied discursive and other interpretive approaches to reveal the strategic construction of corporate disclosures to portray the organisations in a particular light (Arrington and Francis, 1993; Hines, 1988).

Corporate disclosures have been a subject of research and debate for some time.

Bhatia et al. (2008, p.167) argue that:

[u]nfortunately, very little attention has so far been paid to discourse analytical investigations of the use and exploitation of language in many of the regularly employed documents for corporate disclosures, especially in the front matter accompanying the facts and figures about corporate performance: that is, the communication from the senior management to the various stakeholders through letters, reports, press releases, etc.

This thesis undertakes a detailed investigation of the use of linguistic resources in corporate-disclosure documents: specifically, the sustainability reports and annual reports of Shell and its operating subsidiary SPDC Nigeria, but also adding a response letter to major shareholders into the analysis.

2.6 Summary

This chapter explored the literature on concepts of accountability and its meaning. Accountability was then extended to different communication mechanisms (annual reports and sustainability reports) that corporations use to justify their accountability to relevant stakeholders. The chapter also looked into corporate disclosures in the context of developing countries. The analysis of the literature shows there is a dearth of literature on social and environmental-disclosures in developing countries in general and in Nigeria in particular. This thesis was thereby located in the relevant environmental disclosure literature in general, and within that examining developing countries in particular.

CHAPTER 3: BACKGROUND: NIGERIA AND SHELL PLC

3.1 Introduction

The previous chapter explored the concept of accountability and different accountability mechanisms with respect to corporate disclosures and the literature on environmental disclosures in developing countries, and in Africa in particular. This chapter provides a context for the case of an MNC, Shell, and its operations in a developing country, Nigeria. This context is important as it helps to understand the relationship between MNC and the Nigerian government. In Chapters 4 and 8 this context and relationship will be reconsidered in light of elite theory.

The first section presents the history of Nigeria and its economic and political environment. An understanding of the economic and political environment is particularly salient in Nigeria, as the government has an important relationship with Shell and its oil productions. This background is brief but will be revisited in Chapter 8, as its significance is embedded and implicated in the public discourse of both the MNC and the developing country. This will be followed by a description of the oil industry and the role oil plays in the economic development of Nigeria. The chapter then introduces Shell and its history, and provides both an international and national profile of Shell's operations in Nigeria. This is followed by a discussion of oil spills in Nigeria, Shell's oil spills in particular and oil spills resulting from sabotage.

3.2 Nigeria in brief

Nigeria, officially the Federal Republic of Nigeria, is a ‘federal constitutional republic comprising of 36 states and one Federal Capital Territory’ (CIA World Factbook, 2012). Nigeria is located in West Africa, and despite having an international profile as a large oil-producing country it is still considered a developing country with political instability and poverty. As of July 2012 Nigeria’s population was estimated to be 170,123,740, which makes it the most populated nation on the African continent and the seventh most populous in the world (CIA World Factbook, 2012). It is also the largest oil producer and exporter in Africa (EITI, 2012; World Bank, 2013b), and, ranks as the sixth-largest oil-producing country in the world (NNPC, 2012). Nigeria is an OPEC member (Steiner, 2010).

Nigeria’s large population, combined with its massive oil wealth, have made it strategically important in Africa and globally (Falola and Heaton, 2008). Despite the country’s relative oil wealth, poverty is widespread (World Bank, 2008). According to the World Bank, GDP per capita in 2011 was about US-\$1,452 (World Bank, 2012). The majority of Nigerians are poor, with 71% of the population living on less than US\$1 a day and 92% on less than US\$2 a day (UNICEF, 2011). O’Neil (2006), for example, questions why it is that half a century of oil extraction in Nigeria has failed to make the lives of the people better. As a result of this massive oil wealth, issues of corruption, environmental degradation, poverty and violence have escalated over the years (O’Neil, 2006). Therefore, despite its oil wealth Nigeria is considered a developing country; the significance of this will be better understood in relation to Shell and its operations.

The economy of Nigeria is one of the fastest-growing in the world (World Bank, 2013a), and over 80% of government revenues are sourced from oil production (EITI, 2012). Nigeria is located closest to two of the world's three largest markets for crude oil and petroleum products, Europe and the USA, followed by the Middle East. This makes Nigeria an attractive investment for an MNC interested in oil production. In Nigeria, oil operations are dominated by joint-venture arrangements between the government and six major international oil companies: Shell, Mobil, Chevron, Agip, Elf and Texaco (EITI, 2012).

Since the government owns all oil rights in Nigeria, it has a majority interest in the operations, including its joint venture with Shell (NNPC, 2010). This important relationship between Shell and the Nigerian government is central to this thesis. According to O'Neil (2006) the government has controlled oil revenues since it nationalised the oil industry. This control may be more tenuous or complex given arguments that Shell has, in effect, hegemonic control (Livesey, 2002) due to its relationship with the government.

The Nigerian government has been ranked as one of the three most corrupt in the world (Omeje, 2004; Singer, 2005). Indeed, Transparency International has "consistently ranked Nigeria since 1995 among the five worst countries in the world on its Corruption Perception Index" (Steiner, 2010, pp.40-41). For example, in 2003, it was estimated that 70% of oil revenues, more than US \$14 billion dollars, was stolen or wasted (O'Neil, 2006). Falola and Heaton, (2008, p.3) argue that "high levels of corruption among government officials have made sustainable development elusive and brought extreme poverty to the majority of Nigeria's citizens".

According to Omeje (2005, p. 321) ‘the prominence of Nigeria’s political economy has led many to analyse the Nigerian state primarily with reference to oil politics shaped largely by state violence’. The state response to oil-related threats and conflicts has been military violence (Omeje, 2004). For example, the government usually intervenes if there are protests by the oil communities against MNC oil companies (Omeje, 2004; 2005). Further, the majority of the population does not benefit from the revenues of oil exports because:

by stealing government funds for personal use and by distributing money and government contracts to cronies and allies, politicians can claim to be taking care of their own, while at the same time growing excessively wealthy and powerful themselves (Falola and Heaton, 2008, p.8).

In addition to corruption and violence, Nigeria’s oil deposits and large oil production have had a negative impact on the environment (Eweje, 2006). Researchers argue that the Nigerian natural environment and communities have suffered ever since oil production began in 1958 (Okonta and Douglas, 2003; Nwilo and Badejo, 2006). The environmental issues that Nigeria is facing due to oil spills include air, land and water pollution, soil degradation and rapid deforestation (International Fertilizer Development Center³, 2012). According to the 2006 Niger Delta Human Development Report of the United Nations Development Programme (UNDP, 2006), 6,817 oil spills occurred between 1976 and 2001, resulting in a loss of approximately three million barrels of oil. However, analysts suspect that the real number of oil spills may be 10 times higher than reported (O’Neil, 2006).

³ The International Fertilizer Development Center (IFDC) is a “public international organisation addressing critical issues such as international food security, the alleviation of global hunger and poverty, environmental protection and the promotion of economic development and self-sufficiency” (The International Fertilizer Development Center, 20012, n.p.)

To understand the importance of the relationship between Shell and the Nigerian government it is important to have some insights into the history and politics of the country. This brief background will begin in 1914, when the geographic borders of Nigeria were determined (Falola and Heaton, 2008).

3.2.1 Political context of Nigeria

The history of the Nigerian polity goes back many centuries: archaeological evidence indicates that human societies have been constantly present in all regions of Nigeria for several thousand years, dating back to 9000 BCE (Falola and Heaton, 2008). Nigeria borders the Gulf of Guinea, between Benin and Cameroon (CIA Worldfact Book, 2011), and these borders were established in 1914 by British colonisers (Falola and Heaton, 2008). Prior to 1914, Nigeria had two separately governed colonial territories: the northern and southern protectorates (Okonta and Douglas, 2003).

Since independence from Britain in 1960, Nigeria has been a federal republic based on the US model with executive power exercised by a president (CIA World Factbook, 2012). While the government is nominally a democracy, it has a “long and brutal history of military dictatorships” (FoE, 2004, p.4). Since independence Nigeria has been governed by military regimes and unstable civilian governments (Falola and Heaton, 2008); however, it is currently experiencing its longest uninterrupted period of civilian rule since independence (Falola and Heaton, 2008). This political instability has been linked to oil wealth, with “massive inflows of oil revenues and external loans facilitating corrupt and irresponsible management of funds that have characterized both civilian and military governments” (Falola and Heaton, 2008,

p.9). While this thesis is not a political treatise, this brief background serves to offer insights into some aspects that shape and are shaped by political control within Nigeria.

3.2.2 Nigeria and oil

Historically, oil has played a very important role in Nigeria's economic and political development. The first discovery of commercial quantities of oil in Nigeria was in 1956, and this discovery transformed Nigeria's political economy. Since the 1970s oil has provided approximately 90% of foreign-exchange earnings, and 80% of federal revenue (World Bank, 2010). To increase the monetary and technological benefits from oil, the government created the NNPC in 1977 to cooperate with existing companies and become involved in government-owned equity in these companies (Ogri, 2001).

The majority of Nigeria's oil reserves are found along the country's coastal Niger River Delta (Nwilo and Badejo, 2004), and therefore, the majority of Nigeria's oil industry is located in this area (Ogri, 2001). As one of the world's largest oil exporters, Nigeria produces more than 2,000,000 barrels per day (NNPC, 2013). For example, in 2009, Nigerian daily oil production was estimated to be 2.211 million barrels per day (CIA World Factbook, 2011). In 2011, the oil industry accounted for '95% of Nigerian exports, which were estimated at more than US\$100 billion', and over '80% of government revenue' (EITI, 2012, n.p.). Nigeria produces oil that is high in quality, as it is very light with a low sulphur content⁴ (Okonta and Douglas,

⁴ Low sulphur content means that "oil burns easily in the process of refining and discharges minimum waste into the atmosphere" (Okonta and Douglas, 2003, p.54).

2003). Therefore, it is sought after by refineries in Europe and the United States, where there are very strict rules guiding environmental pollution (Okonta and Douglas, 2003). These high-quality oil deposits give Nigeria an important role in the world's oil production.

For a large section of the community the distinction between the oil industry and the state is blurred (Omeje, 2005). This is mainly due to the governments' influential involvement with MNC oil companies and oil production. According to Douglas (in Omeje, 2005, p.325):

Nigeria is a mere geographical expression created by multinational oil companies and continues to be governed by the by multinational companies..... These companies (Shell, Chevron, Mobil, Elf, etc.) actually dictate in which direction the country should go. There is a symbiotic relationship between the military dictatorship, the civilian dictatorship, and the multinational companies.

Accordingly, Falola and Heaton (2008, p.184) argue that “power lies with the oil companies and corruption is widespread in the absence of public accountability other than that owed to MNCs that pay the governments' rents and loyalties”.

Since 1999, some small economic improvements have been made; however,

[t]he average Nigerian is still mired in extreme poverty despite the country's immense oil wealth; and the political class is still more concerned with solidifying its own power than with governing democratically in the best interests of the majority of the population and until issues such as these are addressed and resolved, Nigeria will remain a land of unrealized potential (Falola and Heaton, 2008, p.15).

According to the CIA (2008, n.p.) the “current democratic government is facing the daunting task of reforming the oil based economy, whose revenues have been squandered through corruption and mismanagement, and institutionalizing democracy”.

3.2.3 Oil and Economy

Historically, Nigeria has had long-standing global relationships even before 1914 (Falola and Heaton, 2008). Nigeria is classified as an emerging market, and currently attracts significant interest from global financial markets (International Monetary Fund, 2008), mostly due to its large oil production and oil exports. Nigeria is not a typical developing African economy, as oil plays a dominant role in providing exports and has pushed agriculture, the traditional mainstay of African economies, to the background (Nigerian National Petroleum Corporation, 2008). Oil spills have exacerbated poverty through the destruction of land and food crops and water pollution (Nwilo and Badejo, 2006).

Since the late 1970s, the fluctuations in world petroleum prices (Falola and Heaton, 2008) have contributed to economic instability. Since independence this economic instability has led to high unemployment levels (Falola and Heaton, 2008). On the other hand, despite increasing poverty and lack of employment opportunity, since its return to civilian rule Nigeria has paid off almost all its external debt and had real GDP growth, reaching an exceptional peak of 10.4% in 2003 and remaining between 5.5% to 6.5% in subsequent years (EIU, Country Profile, 2008).

3.2.4 Nigeria in summary

Although the growth of the oil economy has brought massive revenues, the potential for economic growth and sustainable development has been unrealised because of the mismanagement of these revenues (Falola and Heaton, 2008). For most Nigerians, there is no electricity, no clean water, no medicine and no schools (UNDP, 2011).

The World Bank categorises Nigeria as a fragile state⁵, “beset by the risk of armed conflict, epidemic disease and failed governance” (World Bank, 2007, n.p.). Adesnik (2007, p.18) notes that the “paradox is that oil generates enough wealth to provoke lasting and violent conflicts, but not enough to raise the nation out of poverty and misrule”. This thesis therefore provides a window to understand this paradox of oil, wealth and MNCs.

3.3 Shell as a multinational corporation

Royal Dutch Shell plc (Shell) is a group of companies engaged in the exploration, production, marketing and transportation of oil, natural gas and petrochemicals (Shell, 2011). Since its creation in 1907 Shell has played a key role in the global oil industry (Howarth et al., 2007). The company is incorporated in the United Kingdom, its executive offices are in the Netherlands, and it holds the number one ranking in the Fortune 500, with revenues of US\$484,489 million and profits of US\$30,918 for the year ending 2012 (Fortune Magazine, 2012). Shell operates in more than 80 countries and explores oil in more than 28 different countries and currently employs 90,000 people worldwide (Shell, 2013). According to Shell (2011), the company produces 2% of the world’s oil; this makes Shell an important MNC in terms of size, employment, geographical reach and economic contribution to its host countries. In Nigeria, Shell operates through its wholly-owned subsidiary, Shell Petroleum Development Company (SPDC), an operating entity for the joint venture between several oil companies and the Nigerian government. Although it

⁵ The World Bank defines fragile states as “low-income countries scoring 3.2 and below on the Country Policy and Institutional Assessment (CPIA), which is the primary tool used to assess the quality of country policies” (World Bank, 2007, n.p.).

may seem obvious or a foregone conclusion that Shell plays a significant role in Nigeria, the significance of this will be understood further with insights from elite theory (Chapter 4).

The majority of Shell's oil spills occur in Nigeria, and these contribute to environmental degradation (Holzer, 2007). Shell has also been linked to cases of human-rights abuses against demonstrators (Corporate Human Rights Abuse, 2008). These issues are mentioned here to demonstrate that Shell has also been implicated in events in Nigeria concerning human rights, and has had considerable international attention. However, while this is an important social issue, the focus in this thesis is on oil-spill disclosures; the issues of pollution and human rights provide contextual material. A detailed examination of the implications, either directly or indirectly by comment or omission, is not within the ambit of this thesis.

3.3.1 Historical context - Shell in Nigeria

Shell's oil spills in Nigeria (Appendix 1 lists the number of oil spills in Nigeria for the period 2000-2010) are well-documented in the public domain via the company's corporate public disclosure, and also via other reporting mechanisms such as alternative reports produced by non-government organisations (NGOs); and these alternative reports are analysed in Chapter 7. The following sections provide a brief history of Shell and its beginnings in Nigeria. This is then followed by Shell's public controversies and its operations in Nigeria.

Shell has had a long and controversial history in Nigeria, including: criticism for its relationship with the previous military dictatorship; its alleged role in the Ogoni Nine

execution in 1995; and environmental destruction in the Niger Delta region (FoE, 2006). Okonta and Douglas (2003, p.52) note that “any Nigerian schoolchild will tell you that Oloibiri, a small village in the Niger Delta (Nigeria), is where the first oil well was struck by Shell in 1956”. This indicates Shell’s importance and its long and well-recognised history in the country in general, and specifically in oil production. The links between Shell and Nigeria go back to 1937, when Nigeria was still under British colonial rule. This long history of Shell in Nigeria created an important relationship, and for the purposes of this thesis the significance is understood through the theoretical lens of elite theory.

Shell was the first company granted rights to start oil exploration and production in Nigeria. Since Nigeria was a British colony until 1960, British oil companies were given preferential treatment (Frynas, 1998). In 1938 Shell D’Arcy was “awarded the sole concessionary rights covering the whole territory of Nigeria to prospect for oil” (NNPC, 2008, n.p.). However, it was not until after 50 years of exploration that oil was discovered in Nigeria in 1956, at Oloibiri, in the eastern Niger Delta region. The discovery of commercially viable quantities of oil (Falola and Heaton, 2008) was made by Shell-BP Development Company (a joint venture of Shell and British Petroleum). Official production began two years later, and Nigeria became an oil producer with its first oil field producing 5,100 barrels per day (NNPC, 2008). According to NNPC (2008, n.p.) “this discovery opened up the oil industry in 1961, bringing in Mobil, Agip, Safrap (now Elf), Tenneco (Texaco) and Amoseas (Chevron) to join the exploration efforts in both offshore and onshore areas of Nigeria”. Prior to this development, Shell had the monopoly of the oil industry in Nigeria (NNPC, 2008).

3.3.2 Shell, SPDC and the joint venture

Shell operates many joint ventures with national governments in the countries in which it operates, and with other oil companies (Birley, 2005). Since 1973, Shell in Nigeria operates through its wholly-owned subsidiary the SPDC (Shell, 2012). SPDC is the operator of a joint venture with Shell owning 30%, Total Exploration and Production Nigeria Limited (TEPNG) 10% and Nigerian Agip Oil Company limited (NAOC) 5% ⁶(Shell, 2013). Shell's subsidiary SPDC is the operating entity for Nigeria's largest oil and gas joint venture with these MNCs and the government-owned NNPC, which holds the remaining 55% interest in the JV (Shell, 2013). The following Figure 3.1 represents the structure of the joint venture.

⁶ Shell is "clearly responsible for all operations of SPDC as agreed through the Joint Operating Agreement (JOA) with the three other partners" (Steiner, 2010, p.42).

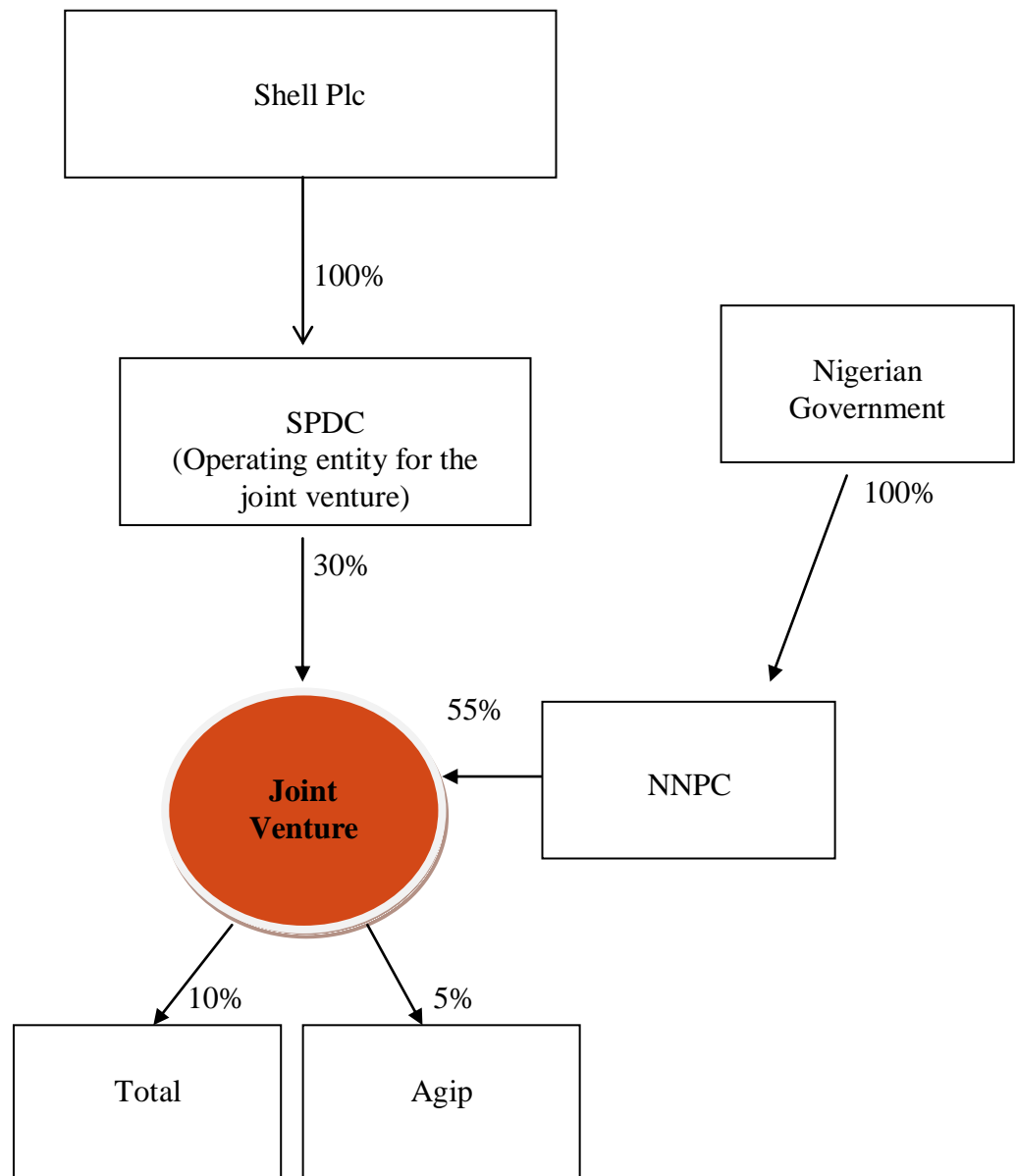


Figure 3.1: Joint venture arrangement with SPDC as the operating and reporting entity

Shell's corporate structure is more complicated than that of many MNCs as there are hundreds of Shell entities (Frynas, 2003). Okonta and Douglas (2003, p.43) note that:

Shell has grown constantly, diversifying its holdings, stretching its tentacles to virtually all countries in the world, and decentralizing its operations to such

an extent that even some of the company's senior managers run into difficulty trying to explain precisely how Royal Dutch Shell functions.

Like the other major oil-producing companies, such as ExxonMobil and BP, Shell is a vertically integrated oil company that conducts oil exploration and production, transportation, refining crude oil and, finally, sales to end-consumers (Frynas, 2003).

From its inception, SPDC has been described as one of the most important privately owned companies in Nigeria (Okonta and Douglas, 2003). SPDC can produce an average of one million barrels of oil per day (Steiner, 2010; Shell, 2013), which is approximately "40% of the country's oil from over 1,000 onshore wells in the Niger Delta, an area nearly the size of England" (Shell, 2008, p. 20). This makes SPDC the largest oil producer in Nigeria, with operations in the Niger Delta - spread across some "30,000 square kilometres and incorporating a network of over 6,000 kilometres of flowlines and pipelines, 90 oil fields, 1,000 producing wells, 73 flow stations, eight gas plants and two major oil-export terminals" (at Bonny and Forcados) (Shell, 2008a, n.p.). Figure 3.2 demonstrates its geographical spread.



Figure 3.2: Map of Niger Delta region indicating Shell’s oil operations (SPDC, 2001, p.9)

SPDC also contributes around 9% of Shell’s global oil and gas production (Shell, 2009). Financially, the joint venture between Shell and the government appears to be successful; however, Okonta and Douglas (2003, p.50) argue that it is difficult to determine the exact revenue, since

[t]he company shrouds the financial side of its operations in Nigeria in mystery, using an elaborate cover of misleading statistics, vague statements, and sometimes outright hostility, to ward off prying eyes.

For the Nigerian government, oil production through the joint venture provides multibillion-dollar payments in royalties and taxes (Shell, 2006). For example, in 2008 the Nigerian government received payments in royalties and taxes from Shell of US\$4.1 billion (Shell, 2008). Shell considers their Nigerian operations to be “one of the most difficult places where Shell companies do business” (Shell, 2012, n.p.),

citing controversial and contextual events as one reason for this difficulty. This thesis focuses on one such controversial event, oil spills.

3.3.3 Public controversies

Shell's activities have been publicly scrutinised and criticised: some would say more than any other large MNC (Frynas, 2003). For example, in the 1970s and 1980s Shell faced criticism over its investments in South Africa and breaking oil sanctions imposed on Rhodesia (Frynas, 2003). Also, during the mid-1990s, Shell came under intense public pressure from two events that 'galvanised public opinion' (Frynas, 2003). The first was the "company's controversial decision to 'dump' the Brent Spar floating oil-storage platform⁷ in the North Sea" (Frynas, 2003, p.275.). This decision caused international outrage and controversy. The second was the execution by the Nigerian government of Ken Saro-Wiwa, a leader of the Ogoni people (an ethnic minority of about 500,000 people who have been suffering from oil spills and other harmful side-effects of oil production with no financial compensation for any of the damages) and a campaigner against Shell's Nigerian operations (Frynas, 2003). Saro-Wiwa organised mass protests against Shell to reform its operations in Nigeria (Frynas, 2003). The protesters "demanded that Shell take responsibility for its massive environmental devastation of Ogoni's homeland and denounced the injustices that Shell has inflicted on the Ogoni and other peoples in Niger Delta" (Shell Accountability Coalition, 2007, p.14).

⁷ Greenpeace International criticised Shell's plans to sink the Brent Spar, as the storage facility contained harmful substances. While Greenpeace occupied the Brent Spar in the North Sea, public protests took place elsewhere; they were strongest in Germany, where Shell faced a major decline in petrol sales (Frynas, 2003, p.278).

Frynas (2003, p.278) argues:

[the] Nigerian government staged a show trial against Saro-Wiwa and eight other Ogoni leaders on pre-fabricated charges and Saro-Wiwa and eight other Ogoni's were hanged on November 10 1995 in Port Harcourt Prison.

Furthermore, Okonta and Douglas (2003) allege that Shell bribed two witnesses to testify against Saro-Wiwa. Shell has consistently denied these allegations; however, according to Okonta and Douglas (2003), the company has not provided evidence to substantiate its denial. Shell has used its corporate-media disclosures, as well as stating on their web site:

In the coverage of the trial and death of Ken Saro-Wiwa emotional charges of environmental devastation have been laid at the door of Shell Nigeria. We recognise that there are environmental problems in the area. Some have also argued that [Shell] should use its influence with the [Nigerian] regime to force it to respect human rights and release political prisoners (Campbell and Beck, 2004 p.107)

According to Corporate Human Rights Abuse (2008, n.p.), "Shell was intimately involved in developing the Nigerian government's strategy leading to the unlawful execution of the Ogoni Nine"⁸. In 1996, the Centre for Constitutional Rights (CCR) began a series of cases against Shell, to hold the company accountable for these human rights violations (Corporate Human Rights Abuse, 2008). These controversies are presented here, to demonstrate that public condemnation of Shell has been ongoing. Further, it drew this researcher's attention to Shell's oil spills, and raised questions such as: given the protracted public outcry, to what extent is Shell accountable for its oil spills and why are they still occurring?

⁸ The Ogoni Nine were a group of nine activists from the Ogoni region of Nigeria, including Ken Saro-Wiwa, executed by hanging in 1995 by the military government at the time.

Both incidents in the 1990s, the Brent Spar and Ken Saro-Wiwa crises, damaged Shell's image and reputation. Accordingly, and not surprisingly, since 1995 "Shell has reappraised its place in the international political economy and put more emphasis on exchanges with civil society and local communities" (Frynas, 2003, p.280) and introduced many internal reforms that reflected the "company's newly found interest in engaging with stakeholders and social responsibility" (Frynas, 2003, p.280). For example, in 1997 Shell committed itself to contributing to sustainable development, fundamental human rights, and made this commitment a part of the general business principles in all Shell companies globally (Shell, 1997; Frynas, 2003).

In 1997, Shell began reporting publicly on its social and environmental performance. Their first report, *Profits and Principles – Does There Have To Be A Choice* (Doyle, 2002), focussed on how Shell was "living up to its financial, social and environmental responsibilities, with some focus on Nigeria" (Doyle, 2002, p.178). This signalled an important emphasis on accountability, and now raises questions about whether the report was mere rhetoric, obfuscating continued environmental transgression in the form of oil spills. These public controversies provide the context to analyse the discourse of oil spills via public-accountability mechanisms such as corporate social and environmental reports and annual reports.

3.3.4 Oil spills in Nigeria

Despite the relatively short history of Nigeria's oil industry, it has resulted in similar environmental issues to those in countries where oil operations have been established for longer (Ogri, 2001). In 2011 a UN Environment Program reported that

Ogoniland, Nigeria, will be the site of the biggest oil-spill clean-up in history (United Nations Environment Programme, 2011). According to AI (2009) ‘there are a number of reasons cited for the occurrence of oil spills in Nigeria, including corrosion of oil pipes, poor maintenance of infrastructure, spills and leaks during refinery processing, human error and deliberate vandalism (sabotage) and theft of oil’. Oil spills have occurred in different parts of Nigeria and at different times. For example, between 1976 and 1998 a total of 5,724 incidents and 2,571,113.90 barrels of oil was spilled into the environment (Nwilo and Badejo, 2001; Steiner, 2010). From 1997-2001, Nigeria has publicly reported more than 2,097 oil spills (Nwilo and Badejo, 2005). This suggests that the number and frequency of incidents have increased over the years. According to Nwilo and Badejo (2005), the most fatal incident, the Jesse Fire Incident in 1998, claimed ‘thousand lives’ due to the spillage of 40,000 barrels of oil at one of Shell’s refineries. Further, according to a report by Niger Delta Natural Resource Damage Assessment and Restoration Project, it is estimated that 9-13 million barrels (1.5 million tons) of oil have been spilt in the Niger Delta over a 50-year period, which is 50 times the amount spilled by the *Exxon Valdez* in Alaska in 1989 (Shell Accountability Coalition, 2007; Steiner, 2010).

Oil spills are the primary cause of environmental damage, including air, land and water pollution, soil degradation and deforestation (Eweje, 2006). Major oil spills in Nigeria have also contaminated “marine shorelines, causing severe localised ecological damage to the near-shore community”, with large areas of the mangrove ecosystem destroyed (Nwilo and Badejo, 2001, n.p.). In addition, the drinking water is also polluted, and there are significant effects on fishing and farming (Nwilo and Badejo, 2001) and the health and food security of rural people living near oil

facilities (FoE, 2002a). Ikuroma Samipe, fisherwoman and mother of five children (FoE, 2002a, p.24), states:

When oil spills here, those of us who go to the mangrove forest to harvest periwinkle and other sea foods suffer. The crude oil affects the growth and development of the mangrove forest resources such as periwinkles, oysters and crabs. When the river is polluted they all die.

Apart from the environmental damage, people have lost their lives due to oil-spillage-related explosions at some of the refineries (Johanson, 2008).

In addition to the water and land pollution, the air quality has also been greatly affected (Ogri, 2001). According to Ogoni minority-group leaders, many of the companies' gas flares are located near villages and in close proximity of Ogoni homes (Eweje, 2006). They argue that oil companies have been flaring gas in their villages 24 hours a day since 1958, and that it affects plant life and pollutes the air and surface water (Eweje, 2006). Flaring in the Niger Delta is said to contribute to a considerable percentage of world's total greenhouse-gas emissions (Eweje, 2006).

3.3.5 Public awareness

As indicated above, there is significant public awareness of Shell and its operations in Nigeria, mainly due to heightened international media attention. During the last decade, environmental reports produced by the World Bank as well as by environmental agencies such as the Environmental Protection Agency (EPA), Friends of the Earth International (FoE) and the World Wide Fund for Nature (WWF) have focussed global attention on oil spills. The disclosure of the volume and number of oil spills by Shell in Nigeria has been questioned by many NGOs. For example, Greenpeace alleges that Shell's records do not include the large number of

minor spills that occur daily that are not usually taken into account in a rough estimation (Okonta and Douglas, 2003). Omeje (2005, p.328) further argues that there are 'legal and public-relations advantages' to underreport the number of oil spills.

According to AI (2009, p.15) "both local and international environmental experts claim that the system for reporting of oil spills in the Niger Delta has been completely dysfunctional for decades, and that the figures provided by the companies and reported by DPR do not reflect the full scale of oil spillage". This is further supported by Steiner (2010, p.12), who claims that:

[o]il spills in the Niger Delta have been extensive, difficult to assess, and dramatically under-reported. Reasons for this under-reporting include difficulty in accessing some spill sites (due to swamp conditions and remoteness), security concerns limiting access, some spills occurring away from community locations, a long time-lag between the initiation of a spill and its detection, the high volatility of the oil causing an estimated 50% to evaporate within 24-48 hours, intentional company and government underreporting, and inadequate government oversight.

At the beginning of the period of this study it was reported that most of the oil pipes and tanks were very old and lacked regular inspection and maintenance (Nwilo and Badejo, 2001; Steiner, 2010). According to 'international standards, oil pipes should be replaced after 15 to 20 years; however, most pipelines in use in Nigeria are 20 to 25 years old, making them subject to corrosion and leakage' (Nwilo and Badejo, 2004, n.p.). As a result, thousands of barrels of oil have been spilled into the environment, although oil companies maintain that sabotage is the main cause of oil spills (Amnesty International, 2009). Companies assert a range of reasons to focus on sabotage, including the capacity for an MNC to control the debate surrounding oil spills. Accordingly, this public debate is important and constitutes the empirical

material for this thesis, including Shell's corporate discourse (Chapter 6) and alternative or counter-narratives (Chapter 7).

3.3.6 Shell's oil spills in Nigeria

As a result of SPDC operations, 61% of the total volume of reported oil spills by the Shell Group occurred within the period 1998-2009 (Steiner, 2010). Shell has documented, on average, 250 spills each year, of which 97% of the volume spilled is claimed to be sabotage (Shell, 2010).

Even without oil spills, the infrastructure has the potential to cause difficulties for farmers in the densely populated rural areas (Amnesty International, 2009). Poor maintenance is often cited by NGOs as a major reason for oil spills. However, Shell offers a different explanation for oil spills and this forms an important part of its public discourse (Chapter 6).

3.3.7 Shell and sabotage

The number of oil spills disclosed by Shell in the course of its operations (Appendix 1) has increased from year to year. Shell and SPDC attribute the majority of the oil spills to sabotage and illegal bunkering (theft) by local community members (Steiner, 2010). For the period 2000-2010, Shell publicly disclosed more than 2,000 oil spills. According to Steiner (2010, p.6) "local communities assert that most of the spills are caused by inadequate maintenance and integrity standards of the oil pipelines".

Professor Claude Ake, a former Shell employee⁹ who sponsored the Niger Delta Environmental Survey, also dismissed “Shell’s claim of sabotage as irresponsible, arguing that it is in fact the local communities who go out of their way to clean up the oil spills” (Okonta and Douglas, 2003, p.72). Moreover, there have been more than 500 oil-spill-related cases filed against Shell in Nigerian courts (Nwachukwu, 2011). According to AI (2013,n.p.),

[o]ver the last decade, Shell has claimed that most of the oil spilt in the Niger Delta is due to sabotage of its pipelines on the basis of a system that includes publicly contested data and relies almost exclusively on information provided by the company itself. The alleged sabotage cases have not been verified by any independent bodies. Moreover, some of Shell’s statements on the percentage of oil spilt due to sabotage are contradictory.

The claims of sabotage are in Shell’s “financial interest to release them from the legal responsibility to clean up spills or compensate the local communities” (Steiner, 2010, p.6). Although Shell claims that oil spills are due to sabotage by local communities in order for the saboteurs to claim compensation (Shell, 2010), alternative reports produced by FoE (2002, 2003a, 2003b, 2004, 2006), Amnesty International (2009) and several Nigerian court cases have challenged these claims. This thesis explores these contradictions through an interrogation of public disclosures in Shell’s reports and alternative reports of FoE and AI, using elite theory and critical discourse analysis.

3.4 Summary

This chapter introduced the context within which Shell, an MNC, operates within Nigeria, a developing country. Nigeria’s history, politics and economy have been briefly described in relation to the oil industry in general and oil spills in particular. Shell, through its subsidiary SPDC, has a dominant presence in Nigeria; this will be

⁹Appointed as a commissioner by Royal Dutch/Shell on an environmental project in the Niger Delta.

further explored in the thesis through the lens of elite theory. Since the thesis explores corporate public disclosures of oil spills in Nigeria, this chapter has presented a broad socio-political and historical setting for an analysis of corporate narratives. The following chapter presents elite theory as the theoretical framework to support the textual analysis.

CHAPTER 4: ELITE THEORY

4.1 Introduction

Chapter 3 presented the history of Shell and its operations in Nigeria, as the background for this thesis. Given the nature of the relationship between Shell and Nigeria, this chapter conceptualises a theoretical framework of corporate power elites to investigate corporate narrative disclosures in accountability discourses where these unique power and economic asymmetries exist. Elite theory, which is informed by the work of Mills (1956), Etzioni (1993), Bottomore (1993; 1991) and van Dijk (1993b), explicitly identifies the dominance of powerful and influential groups in society, including corporate elites. The main thrust of elite theory is that power, control and influence are concentrated in and confined to a small number of elite groups (Arslan, 2005). Some corporations operate with enough power to dominate to distinguish them as part of an ‘elite’. Elites influence social and cultural practices through various media, including disclosures in cultural artefacts such as annual reports, sustainability reports or corporate social reports.

The next section discusses elites in general, followed by a background of elite theory to clarify the underlying concepts and constructs of a corporate elite. Later in the chapter, this concept is extended to power elites and applied to Shell in the context of its operations in Nigeria. The final sections explicate the relationship between power and discourse.

4.2 Defining elites

This section analyses the various characteristics used to define elites. There is a range of definitions of the concept of elite (Farazmand, 1999); the definitions examined in this section are notable examples within the extant literature that allow a conceptual application of corporate elites in the context of a developing country.

The term ‘elite’, originally derived from the Latin *eligere*, ‘to choose’, has been used to describe “commodities of particular excellence” (Bottomore, 1996, p.1); and superior social groups (Bottomore, 1996). The Oxford Dictionary (2012, n.p.) similarly defines elites as a “group of people considered to be the best in a particular society or category, especially because of their power, talent, or wealth”. According to Domhoff and Dye (1987, p.220), elites are an “inevitable feature of all societies”. They have an important role in terms of economic, political and social power and, as Figueroa (2008) notes, are an important feature of most social systems. Since they hold such a powerful and influential position in society, studies of elites and their ability to wield power also exposes inequality (Marcus, 1983).

Based on the various definitions of elites, different models and constructs have developed as frames of analysis (Farazmand, 1999). Table 4.1 lists important definitions of the concept of elites from the early 1930s to current critical theorists such as van Dijk.

Table 4.1: Different Definitions of Elites

| <i>Author(s)</i> | <i>Definition</i> |
|--------------------------------|---|
| Pareto (1935) | “Elites are those who are most capable in any area of activity”. |
| Mosca (1939, p.50) | “In all societies from less developed to the most advanced, two classes of people appear, a class that rules and a class that is ruled...the class that rules is few, whereas the second, the more numerous class, is directed at and controlled by the first, in a manner that is now more or less legal, now more or less arbitrary and violent”. |
| Michels (1939) | All organisations are elitist. |
| Mills (1956, pp.3-4) | Extends the notion of elites to power elites who are composed of individuals whose “positions enable them to transcend the ordinary environments of ordinary men and women; they are in positions to make decisions that have major consequences”. |
| Suleiman (1978) | “All those who occupy positions of authority are part of the elite. Most of the definitions in the literature equate elite status with the incumbency of key organizational or institutional positions” (Suleiman 1978, in Domhoff and Dye, 1987). |
| Field and Highley (1980, p.20) | “Elites are the persons who occupy strategic positions in public and private bureaucratic organizations, e.g. governments, parties, militaries, productive enterprises, trade union and other occupational organizations, as well as media, religious and educational organizations”. |
| Merger (1981,p.368) | Elites are those who “occupy the society’s top positions of power and wealth...[and] who exercise authority, influence, and control of resources within the society’s important organizations”. Within this definition are elites such as governmental, corporate, educational, and others. |
| Van Dijk (1993b, p.146) | “Those elites who literally have everything ‘to say’ in society, as well as their institutions and organizations, are an example of groups involved in power abuse or domination”. |
| Bodley (1999, p.596) | Elites are defined as “those social groups at the top of any rankable social-power scale. The rankable scale includes various types of assets, such as economic or social”. |

Table 4.1 demonstrates that two broad concepts of elites emerge. First, individuals are described as particular elites; and second, particular institutions are considered as elites. Early elite theorists such as Pareto (1935) and Mosca (1939) focussed on

defining individuals as elites. Pareto (1935) ‘introduced the term into the social sciences and defined elites as a class of people most capable in any area of activity’ (Abbink and Salverda, 2012 p.31). Similarly, Mosca (1939) argued that there will always be always two classes of people; those who ‘rule’ and those who are ‘ruled’. According to Field and Highley (1980, p.18) these early elite theorists contended “not only that elite rule is inherent and inescapable in all societies, but that elites are essentially unlimited and unchecked”. In other words, their basic contention was that elites are an “inevitable feature of all societies” (Domhoff and Dye, 1987, p.220).

Mills’s (1956) concept of elites first describes individuals, and then moves to government and similar institutions prior to the development and establishment of the concept of power elites (Section 4.3.1). Theorists such as van Dijk (1993b) and Merger (1981) have extended this idea into different elite organisations such as political, corporate, academic, educational and media elites. Bodley (1999) has further extended the concept by adding an economic aspect to the definition of elites.

Van Dijk (1993), a critical discourse theorist, introduced the concept of elites in his studies on discourse and racism (see, for example, van Dijk, 1993b, 1996) and provided an insight into ‘what is said’ by elites in public documents. While van Dijk (1993) focuses on the reproduction of racism, these insights accommodate and are compatible with the focus on public discourse and the discursive construction of the ‘other’ in representations and disclosures of oil spills. In this thesis, corporations, as institutional elites, are conceptualised as having power and prestige that is operationalised in accountability discourses (Section 4.3.2).

Elites “come in many forms and express themselves in an extraordinary variety of ways” (Masamichi, 2007, p.1). However, despite the differences all elite theorists agree on one characteristic: that elites are either powerful individuals with powerful positions or powerful institutions, including corporations that are in a position to make influential decisions. Put simply, “the elite are those who have the most of what there is to have, which is generally held to include money, power, and prestige and the ways of life to which these lead” (Mills, 1956, p.9). This is further supported by Marcus (1983), who points out that the term ‘elite’ has remained a flexible cover term that refers to the rich, powerful and privileged in any society. As society has become more complex, the definition of elites has developed. For the purposes of this thesis, elites will be defined as:

[t]hose who hold institutionalised power, control the social resources and have a serious influence (either actively or potentially) on the decision-making process (Arslan, 2005, p.3).

In this thesis corporations are conceptualised as institutional elites that have economic, political and social power and prestige. This concept is applied to Shell not only as an MNC, but as an elite MNC that has a special relationship in Nigeria that gives rise to access to resources of power. In the context of this thesis Shell holds the institutional power, has control of social resources and has influence in the decision-making process of corporate narrative disclosures and the discursive construction of the meaning of oil spills (Chapters 6 and 7). For van Dijk (1993b, p.44) “the power resources of elites may be multiple and include property, income, decision control, knowledge, expertise, position, rank, as well as social and ideological resources such as status, prestige, fame, influence, respect, and similar resources ascribed to them by groups, institutions, or society at large” (see for example, Mills, 1956; Bottomore, 1964; Domhoff, 1978). These resources and power

give access to control and this type of control is usually, according to van Dijk (1993b, p.44), “explicitly implemented by decision making, use of special speech acts and discourse genres (e.g., commands, orders, advice, analyses, and all forms of public discourse), and other forms of action that directly or indirectly influence the actions of others”. This is particularly relevant in this thesis, as the focus is on narrative disclosures and accountability of ascribed meaning to oil spills. According to van Dijk (1993b, p.44), this type of “control is usually in the interest of the elites themselves”; Chapter 6 discusses this issue further.

In summary, the term elite appears to be ‘descriptive’ (Prewitt and Stone, 1973, p.2), as it holds that all societies can be divided into those who rule and those who are ruled (Prewitt and Stone, 1973). However, as this section illustrated, there are numerous definitions and perspectives on elites that accommodate a range of contexts and concepts where the powerful are given elite status. The following section draws on the concept of the elite to introduce elite theory.

4.3 Background to elite theory

Elite theory is associated with the writings of sociologists Robert Michels (1929; 1939), Gaetano Mosca (1939) and Vilfredo Pareto (1968) during the late 19th and beginning of the 20th century (Marcus, 1983). According to Marcus (1983, p.13), “although many historical and philosophical accounts have unselfconsciously assumed the determinative social role of elites, the body of theory most explicitly linked to the elite concept was independently developed by these three scholars”.

Elite theory emerged, in part, as a response to Marxism. Elite theorists argue that a class struggle exists in every society, and have rejected the property/class theory of power and the Marxist idea of a classless society (Domhoff, 2005). Elite theory, on the other hand, claims that the history of all society is the history of elite struggles (Prewitt and Stone, 1973). A distinguishing feature of elite theory is that it is based on the study of power and the influence of different classes, and the inequalities that arise from a lack of power (Arslan, 2005). This power, in turn, is based on resources such as economic assets and monetary wealth, which may give rise to control over other resources. According to Arslan (2006, p.2):

elite theory is one of the major theories which aims to analyse and explain the power structure and power relations. It investigates power and control and aims to analyse elite and non-elite (mass, public) differentiation.

The non-elite or the mass/public in this thesis are identified as the Nigerian communities affected by oil production generally, and oil spills specifically, and that lack access to power resources.

Following the early elite theorists, there was a later critical adaption of elite theory generally associated with American thinkers such as Mills (1956), Domhoff (1967) and Bottomore (1964, 1996). Mills (1956), for example, incorporated the notion of ‘minorities’ and ‘power’ into an elite theory that deals with the “minority in whose hands power, wealth or privilege is concentrated” (Mills, 1956, p.9). He also asserted that societal power rests with key institutions, including corporations, executive branches of government, the economy, the state and the military. In other words, a “highly-concentrated number of ‘elites’ control most of the wealth, most of the power and most of the privilege in society – and use this wealth, power and privilege to influence the decisions of government” (Mills, 1956, p.9). In this thesis this aspect of influencing governments is an important feature, as the Nigerian government has

an economic relationship with Shell and its joint venture SPDC (Chapter 3). Bottomore (1964, 1996) proposed a theoretical framework premised on the assumption that while elites exist in every society, there is and must be a small group - the elite - that has more power than the majority.

Bottomore's (1993; 1991) framework reinforces Mill's (1956) assumption that societies are divided into the 'few' who hold power and rule and the 'many' who are ruled. The elites "effectively monopolise power and the non-elites public or the masses have relatively no power and no choice but to accept the decision of the minorities" (Arslan, 2005, p.3).

Domhoff (1967) introduced a governing-class model to the framework of elite theory. Domhoff (1967) applied this concept to the US, arguing that there was a corporate upper class that 'owns and controls the bulk of wealth'. According to Domhoff (1967), this class, by virtue of its economic power is part of the elite. Both Bottomore and Domhoff open elite theory to incorporate the notion of a corporate elite, such as an MNC that assumes a powerful role in society through economic resources, with the ability to use these resources to direct communication and media. Etzioni (1993, p.19) added to elite theory by focussing on the resources related to elites so that power, in turn, is based on "other resources such as economic assets and organisational strength and for its part may give rise to control over other resources as well" (Arslan, 2006, p.2).

In their eagerness to challenge the Marxist paradigm, elite theorists contend that elite rule is ubiquitous in all societies, and is essentially unchecked, except by the actions and effects of the elite themselves (Field and Highley, 1980). Therefore, an elitists

paradigm holds that elites determine important social change (Field and Highley, 1980).

Elite theorists point to the existence of elites in society's most influential institutions, including large corporations (Brym and Lie, 2009); this is discussed further in Section 4.3.2. According to elite theory, those who 'control these institutions make the important decisions that affect all members of society' (Brym and Lie, 2009). However, while elite theorists seek to understand and explain dominance over economic resources, this thesis investigates the particular resource of language through accounting disclosures and the relationship between discourse and the broader political economy. The application of elite theory as a framework to understand accounting discourse provides new insights to the accounting literature. The following section follows the development of a power elite to a corporate elite, and offers a discussion of elite discourse.

4.3.1 Power elites

Mills (1956) conceptualised the notion of power elite and argued that they occupy what he terms the 'top command' posts of society. This power elite includes business, political and military elites. In the context of this thesis it is business elites, more specifically corporate elites, that are of interest. However, Shell as a corporate elite is in a complicated relationship with the political elite the Nigerian government. Mills (1956) proposed that societal power rests in the control of key societal institutions, including corporations. For Mills (1956), organisations are instruments of domination, and the elite, including business corporations, occupy positions where their decisions have major consequences even on the nation as a whole.

Van Dijk (1993b, p.255 emphasis in original) argues that:

[t]his social, political and cultural organization of dominance also implies a *hierarchy of power*: some members of dominant groups and organizations have a special role in planning, decision-making and control over the relations and processes of the enactment of power.

In this thesis the concept of elites is defined in terms of institutional position (Mills, 1956), and is applied to Shell as an MNC because of its institutional position in Nigeria. Mills (1956) has stated that the power elites are controllers of the major hierarchies and organisations that make up modern society. They run large corporations, the military establishment, and claim wealth, power and celebrity status within the social structure (Mills, 1956). These concepts are more comprehensively explained and applied in the following section on corporate elites and Shell in particular.

While the power elite make the important decisions, Mills (1956) cautions that, in the process, they often must take into account other forces outside the elite, and sometimes influence others, particularly politicians for their benefit. Power elites derive their power from controlling powerful positions in major institutions. Mills (1956, p.9) further notes that “no one, accordingly, can be truly powerful unless they have access to the command of major institutions, for it is over these institutional means of power that the truly powerful are, in the first instance, powerful”. Such institutional power held by the “major owners and executives of the larger corporations” (Mills, 1956, p.9) is of interest in this thesis.

Elites agree on the basic outlines of the “free-enterprise system, including profits, private property, the unequal and concentrated distribution of wealth, and the sanctity of private economic power” (Barham, 2010, p.184). More importantly, they are

united in their belief that the primary responsibility of government is to maintain a favourable climate for their business operations (Mills, 1956). The early version of elite theory asserted by Mills (1956) still has relevance to Western capitalist societal structures. However, for the purposes of this thesis, the society in Nigeria is different, due in large part to its developing status.

Even though Mills's (1956) framework was proposed many decades ago, it is still one of the most used and referred-to frameworks when it comes to the notion of elites and power elites. Critical discourse studies refer to this concept of elites widely. For example, van Dijk (1993b) uses elite discourse and the concept of power elites in his studies on discourse. Based on empirical studies, van Dijk (1993b) demonstrates that elites play a primary role in the reproduction of ethnic dominance and racism. Even though these are not the focus themes of this thesis, they are still relevant as van Dijk in his studies uses-public discourse and 'what is said' by elites to identify the 'other', the marginalised and the powerless in a specific context.

According to van Dijk (1993b, p.44) "elite power can be defined in terms of the type or amount of control elites have over their actions". Van Dijk's (1993b) use of elite theory and its explicit reference to public discourse make elite theory very applicable to this thesis. In Chapter 5 elite theory and its relationship to CDA is further explained.

Mills's (1956) description of power elites emerged from a study on individuals in institutionalised positions of power, in which he found that power resulted from access to economic resources through positions of prestige. While this observation

was relevant to Western society in the 1950s, this context has altered dramatically with the rise of the MNC and its increasing access to economic resources via a globalised economy. The concept of a power elite, therefore, has shifted to the corporate entity.

Farazmand (1999, p.325) points out that “almost all definitions of elite theory have invariably stressed the word *organization* as a central means of exercising power by those holding the elite power”. It then becomes important to acknowledge the existence of corporate elites in our contemporary society and the prominent role of large MNCs, which are considered elites. Robinson (2011) suggests that the composition of ‘capitalist classes and elites in developing countries has been altered mainly by capitalist globalisation’. Subsequently, the “spread of transnational circuits of accumulation present elites in developing countries with new opportunities to pursue their class and group interests by reinserting local economic activity that they manage as segments of globalized circuits” (Robinson, 2011, p.356).

4.3.2 Corporations as elites

The elite theory of organisations is “interdisciplinary and concerned with allocation, distribution, and exercise of power and the consequential conflicts and decisions that may arise from those activities in organizations” (Farazmand, 1999, p.336). Farazmand (1999) notes that research into the organisational elite rather than the individual elite did not received enough attention in organisational research. This is also the case in accounting studies, which is surprising given the amount of current literature that focuses on the corporation as an institution. This thesis largely takes

corporations as elites and explores the consequences of that power in terms of dominant discourse.

Corporations play a very important role in the globalised economy and have become ubiquitous in many societies, especially in societies described as developed. Due to the fast growth and development of globalisation, the majority of the wealth in the world is owned by corporations. This wealth allows corporations to influence the social, political and economic domains in which it operates. Because of such wealth and economic presence in studies of elites, business corporations play a prominent role (Domhoff, 1978; Mills, 1956), as they have shown to wield increasing power, not only economically or financially, but also in political, social and cultural affairs (Mattelart, 1979; Schiller, 1989). Accordingly, Farazmand (1999, pp.328-329) states that “organizations, public or private, are instruments of class domination, exploitation, and control for the purpose of maintaining and enhancing the capitalist system controlled by the ruling class”. In the elite model explained previously, the “centrality of key organizations and their position holders is emphasized as a necessary institutional mechanism through which elites act and exercise power” (Farazmand, 1999, p.335). They then become dominant institutions in society.

In developing countries MNCs play a central role and hold a dominant position, especially in terms of economic contributions to the host countries. In the context of this thesis, MNCs in the oil industry play an important role in terms of tax revenue, employment and economic development in general. This thesis examines a MNC from the perspective of elite theory as it brings attention to the relational powers of

the corporation forged by accountability disclosures between an MNC and its stakeholders.

This thesis builds on this notion of corporate control and monopolisation of economic and financial resources, which gives it the opportunity for power and control using its corporate disclosures. In terms of material resources such as economic and financial resources, wealth and societal positions of leadership are complemented by resources that provide symbolic ‘power’; in particular their ‘preferential access to public discourse’ (van Dijk, 1993b). Due to this access to material resources and public discourse, elites, including corporate elites, have the opportunity to produce elite discourse. The corporate elite possesses a broad network of influential relationships with different groups in society.

4.3.3 Shell as a corporate elite in Nigeria

Shell occupies the position of a corporate elite in Nigeria; this encompasses several notions of elitism in terms of differentiated power. Definitionally, Shell is an economic elite in the global oil industry, given its status as one of biggest and most profitable oil corporations in the world (Chapter 3). To define Shell as a corporate elite raises the issue of what counts as an elite, in both the oil industry and Nigeria when various metrics and other indicators of influence abound. To begin conceptualising Shell’s elite status, popular and academic convention is followed in defining the largest as the *Fortune* 500 largest industrials and service firms (Davis et al., 2003). Shell usually holds the number one or two ranking, with an annual income of US\$12.7 billion and a capital investment of US\$31.7 billion (Shell, 2010). In addition, on the Forbes (2012) list of the 2,000 global leading companies Shell is

ranked as number four overall and number one in sales. This indicates Shell's economic power and wealth not just in the oil industry but across all sectors.

The usage of the term 'corporate elite' is here is to designate Shell's status in terms of economic power interwoven into political and social influences and dependency in Nigeria. The main intent here is to show that Shell possesses such power and is large and powerful enough to dominate corporate narrative disclosures on the phenomena of oil spills in Nigeria. Not only is the status of Nigeria as a developing country juxtaposed with Shell as an MNC, there is an added complexity in the relationship between Shell and Nigeria. This added complexity relates to the joint venture SPDC and the government.

As discussed in Chapter 3, Shell earns billions of dollars in oil revenues. Consequently, the Nigerian government depends heavily on the taxes and royalties it derives from oil companies, especially Shell, as the oil sector accounts for more than 80% of federal-government revenue (Shell, 2011), and Shell represents a high percentage of the oil sector in Nigeria. Shell's elite status in Nigeria is not just economic but also political and social. These three components are interrelated through the reporting entity, SPDC, and give rise and opportunity to Shell's economic, political and social power in Nigeria (Figure 4.1).

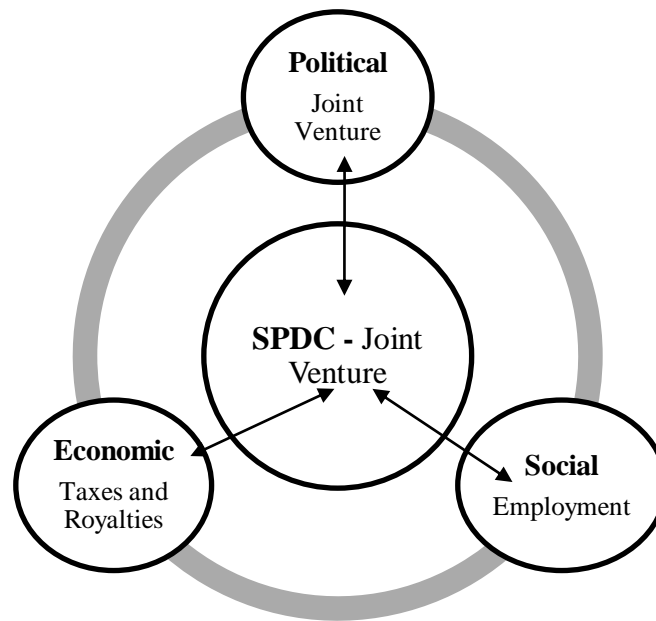


Figure 4.1: Shell as an Elite in Nigeria

Shell's elite status is manifested by the operations of SPDC, and is based on the economic, social and political attributes described below. Shell's political elite status in Nigeria is established through its relationship to the government via the joint venture SPDC. SPDC, although 100% owned by Shell, is the operating entity on behalf of the joint venture between the government-owned Nigerian National Petroleum Corporation (55%), Shell (30%) and small shareholding interests by Total Exploration and Production Nigeria Limited (TEPNG) (10%) and Nigerian Agip Oil Company limited (NAOC) (5%) (Shell, 2012). According to Arslan (2006), power elites work interdependently to coordinate a common interest. For example, political elites rely on business elites for financial resources (Arslan, 2006), and business elites need political elites to give them power. Shell and the Nigerian government form a power elite: the government provides political power by allowing Shell to operate in Nigeria and to hold the richest oil-producing fields in the Niger Delta. Shell, in turn, provides financial resources. This relationship gives rise to the

challenges of corporate oil-spill disclosures and notions of Shell's accountability and responsibility in Nigeria.

Shell's economic elite status in Nigeria comes from the company's economic contribution through payments of taxes and royalties to the government, and also the government's 55% share in SPDC. Nigeria heavily depends on the oil industry, as it is the source of 95% of export earnings and 80% of government revenue (Central Intelligence Agency, 2012). According to Shell's Sustainability Report (Shell, 2005, p.26), during the 2005 financial period US\$4.3 billion in taxes and royalties were paid to the Nigerian government. In 2006 reported payments were US\$3.5 billion (Shell, 2006) and from 2007 to 2011, according to figures provided by Shell, revenues from SPDC to the Nigerian government totalled \$38 billion (Shell 2012a). In 2003, with the permission of the Nigerian government, Shell became the first company to publicly disclose the royalties, taxes and other payments made to its host government (Shell, 2009) through the Extractive Industry Transparency Initiative (EITI)¹⁰. Shell states: "to help improve accountability, we support a mandatory global reporting rule for extractive industries in line with current EITI requirements, and in support of the EITI goals" (Shell, 2012b,n.p.).

¹⁰ Shell is a founder and board member of the Extractive Industries Transparency Initiative (EITI). "The UK government launched this global initiative in 2002 to increase transparency in revenues that governments receive from oil and mineral activities" (Shell, 2012b, n.p.). The EITI's approach includes countries, civil society and companies. Shell believes it remains the most effective way of providing transparency in government revenues for countries that depend on energy resources for income (Shell, 2012b).

As a result of its strong economic and political status in Nigeria, Shell is also a social elite. In addition to its political and economic contributions, Shell claims to generate through its operations local jobs and contracts (Shell, 2009). In Nigeria, Shell employs more than 4,500 people, emphasising that 95% are Nigerians with 66% from the Niger Delta (Shell, 2012c). In addition, another “20,000 people are employed indirectly through the network of companies that provide supplies and services” (Shell, 2012c, n.p.).

Therefore, to say that Shell is a corporate elite in Nigeria is an understatement. Shell holds an influential position in Nigeria, and forms an important part of an elite relationship with the government. Shell has power in Nigerian society, as it owns and manages large income-producing oil fields; this allows it to influence the Nigerian power structure politically and economically. The historical development of Shell in Nigeria demonstrates that from its earliest beginnings in the country, the company was a privileged elite due to its British¹¹ origins, and was one of the first companies given the licence to operate in Nigeria and in the richest oil-producing fields.

Bottomore (1993, p.72) states that “there is no context that the idea of elites has been invoked more frequently since the Second World War than in the discussions of the problems and the prospects of the developing countries”. For example, anti-corporate advocates criticise MNCs for entering countries that have ‘low human rights or low environmental standards’ (Kallianiotis, 2013). They claim that multinationals ‘export the profits, exploit countries for their natural resources, limit workers' wages, erode traditional cultures, and challenge national sovereignty’ (Kallianiotis, 2013, p.112).

¹¹ Nigeria is a former British colony.

MNCs, according to Koenig-Archibugi (2004, p.6), should be “accountable to the general public mainly through the governments of the countries where the companies conduct their activities”. While this may be desirable, the fast pace of globalisation creates accountability gaps, especially in developing countries.

Elite corporations like Shell in Nigeria have power, wealth, status and privilege and with this status comes increased stakeholder demand for public accountability. In an accounting context this accountability is via corporate public discourse such as annual reports, sustainability reports and other reporting mechanisms. This thesis focuses on issues of power in corporate discourse by analysing Shell’s corporate disclosures about a particular facet, oil spills in Nigeria. This power will be explicated through the empirics of the public discourse about oil spills, as explained in the following section.

4.4 Discourse and power

Inequalities in the distribution of power are common features of contemporary society. This power inequality comes in many forms, including a lack of economic and political power over the distribution of wealth. According to elite theorists this inequality is manifested where societies are separated into the ‘few’ who hold power and rule and the ‘many’ who are ruled (Bottomore, 1993, 1991). For example, according to Podeh (1999, p.11):

Societal power is concentrated in elite groups who control resources of key social institutions and are not accountable to the masses, origins of societal power lie in control of social organizations, regardless of how (un)democratic a society maybe, Elites hold the bulk of power; use all and any means to retain power, power becomes end in itself.

The notions of discourse and communication have an important power relationship (e.g., Clegg, 1975, 1989; Lukes, 1974, 1986; Wrong, 1979). According to Oakes et al. (1998), language and power are central to an understanding of control. Foucault (1981 as in Maaka and Andersen, 2006, p.169) suggests that “not only is discourse always implicated in *power*, discourse is one of the “systems” through which power circulates”. Van Dijk (1993a, p.255) argues that “power and dominance are usually organized and *institutionalized*” such that:

[The] social dominance of groups is thus not merely enacted, individually, by its group members, as is the case in many forms of everyday racism or sexual harassment. It may also be supported or condoned by other group members, sanctioned by the courts, legitimated by laws, enforced by the police, and ideologically sustained and reproduced by the media or textbooks (van Dijk, 1993a, p.255).

This notion of social dominance enacted by elites and legitimated by law is an important concept to consider in the relationship between Shell and Nigeria. Shell’s elite status in Nigeria is supported by the Nigerian government, which enables Shell’s operations (this concept is further explored in Chapter 8). Due to mutually beneficial oil exploration and its partnership with the Nigerian government, Shell’s public discourse is implicitly supported by the Nigerian government.

Jørgensen and Phillips (2002, p.91) argue that “power is always oppressive; it is used by certain interest groups and imposed on passive subjects”. The elites, according to van Dijk (2001) ‘initiate and control the most influential forms of institutional and public text and talk’. This is enabled by the preferential access elites, including corporate elites, have to media and other public discourses that can influence and form the opinion-making of the non-elites (van Dijk, 1993b). As discourses possess the power to control (van Dijk, 2001), organisations may engage in discourses to influence stakeholder perception. In this thesis it is the notion of power and the issue

of dominance through discursive representation of phenomena and control of discourse that is of interest. This is further explored in Chapter 6.

4.5 Limitations of elite theory

According to van Dijk (1993b), the framework of elite theory is both complex and multidisciplinary. It is complex as the term elite is classificatory and descriptive of certain groups in our society. This description of a group as being elite depends on its context, so an elite in one field may not be elite in another. For example, a priest may be elite in a church but not in the political field. In an educational context, there are prestigious universities and schools; in the business context there are corporations that are superior to others; in the political context certain governments are more influential than others, and so on. Elite theory can describe an individual, a group, or an institution as elite.

Consistent with van Dijk's (1993b) arguments, Farazmand (1999, p.330) challenges assumptions of elite theory by calling them "vague and subject to divergent perspectives on the concept of elite". In this thesis this issue is addressed by establishing Shell as corporate elite through looking at the political, economic and social power it possesses in Nigeria. In addition, the first section of the chapter also provided a number of definitions to develop a clearer understanding of the concept.

To advance the ideas within elite theory, according to Field and Highley (1980, p.3) "it is not enough merely to argue, as Pereto, Mosca and Michaels do, that elites always or usually exist and that they are probably of decisive importance". This

thesis therefore first established and demonstrated that Shell is an elite in global industry and in Nigeria. The path undertaken to demonstrate Shell's elite status encompasses the economic, political and social importance of Shell's operations in Nigeria. In addition, elite theory offers and assumes an economic dimension to power; i.e., the ability to garner resources to consolidate economic power. This thesis extends this notion to include legislative and regulatory dimensions delivered through corporate narrative disclosures.

Even though elite theory is developing and has some unclear concepts, in this thesis the idea of corporate elites, in conjunction with the concepts of power and CDA, contributes to understanding Shell's corporate disclosures in Nigeria. Without the notion of elites it would be much more difficult to determine why Shell discloses oil spills the way it does (Chapter 6) and to establish the clearly elitist relationship between the company and the government (Chapter 8).

4.6 Summary

This chapter presented the concept of elites and discussed ideas of elite theory. Elite' small groups that have more power and wealth than non-elites have been identified in many areas, such as business, politics, military and academia. It is the corporate elite, however that is of interest in this thesis. Shell is differentiated as an elite institution and forms a corporate power elite in Nigeria. Mills (1956) believed that corporate executives and related officials form but one part of the power elite. There is a perceived mutual interest between the political elite and large corporations. Mills argued this in 1956, and more than 50 years on, this is even more evident, as exemplified by a modern corporation, Shell, and its relationship with Nigeria.

Using elite theory can have great importance within sociological studies “because elites are the main agents of social change” (Arslan, 2006, p.1) especially in developing countries. According to Arslan (2005, p.11), “they manage the direction, the speed and the form of social change, because they hold institutional power and influence social decisions on a macro level”. This is an enabling or emancipatory concept where there is the potential for Shell, with its economic, political and social power, to have a positive impact in Nigeria. Their operations and presence provide employment and government revenue, for example. However, Nigeria is also mired in poverty and environmental destruction, with a clearly unequal distribution of resources.

According to Prewitt and Stone (1973, p.229) “elite theory raises the types of questions that need to be addressed when debating the kind of society a nation desires”. This thesis adopts contemporary elite theory because it concentrates on the power and control of institutions, including corporations, and the impact of this power in controlling and dominating the public discourse on accountability in general, and oil spills in particular.

Elite theory therefore, informs, and contributes to discourse studies (van Dijk, 1993b). Elites are institutional and hierarchical, and have the resources of institutional mechanisms such as accounting discourse to enact or exercise power. In Nigeria this discourse is part of a ‘globalised circuit’ of Shell’s operation as an MNC. In conjunction with CDA (discussed in the following chapter), elite theory illustrates the role language plays in the discursive reproduction of power. The following chapter introduces methodological considerations and CDA.

CHAPTER 5: CRITICAL DISCOURSE ANALYSIS

5.1 Introduction

This chapter outlines the analytical framework for this thesis, critical discourse analysis (CDA), and explains the reasons and significance for using a critical methodology. The aim is to investigate Shell's oil-spill disclosures in the context of a developing country. Norman Fairclough's¹² (1989, 1992, 1995, 2001) framework of CDA is used to study corporate disclosures, as it recognises that discourse is complex. To disaggregate this complexity, he offers three levels of discourse analysis: discourse as text, discourse as discursive practice and discourse as social practice. Importantly, Fairclough's framework encompasses a power dimension within a broad social and political context, and therefore is compatible with elite theory. The three levels of Fairclough's CDA are concerned with how discourse is presented, constituted and understood, although they are not definitive. As Fairclough himself suggests, there is no one correct way of applying CDA; in this thesis, these levels are structured as best fits the purpose and objectives, which are to highlight and explicate the corporate discourse of an elite in a developing country.

The following sections present an explanation of critical discourse analysis, including Fairclough's three-dimensional framework. CDA is positioned within the

¹² Fairclough's *Language and Power* (1989) is considered among scholars to be the milestone publication for the beginning of CDA (Blommaert and Bulcaen, 2000). Today, Fairclough is one of the most cited and leading critical discourse theorists. Fairclough has published over 10 books and a large number of journal articles on CDA.

field of accounting studies, and the application of CDA and its complementarity with elite theory are explained.

5.2 Critical discourse analysis (CDA)

CDA gained popularity in the late 1980s as a programmatic development in European discourse studies, pioneered by Norman Fairclough, Ruth Wodak and Teun Van Dijk (Blommaert and Bulcaen, 2000). Since then, CDA has become one of the most influential methodologies of discourse analysis (Blommaert and Bulcaen, 2000). CDA draws on traditions within linguistics, such as classical rhetoric, text linguistics, pragmatics and sociolinguistics (Fowler et al., 1979; Wodak, 2001). However, it is the acknowledgment of the ‘power of language’ which is the focus of CDA, and a feature of this thesis.

CDA has emerged from a critical theory of language that situates language as a form of social practice (Janks, 1997). The ‘critical’ in CDA implies “showing connections and causes which are hidden; it also implies intervention, for example, providing resources for those who may be disadvantaged through change” (Fairclough, 1992, p.9). In other words CDA is a critical analytic approach as it aims to reveal unequal relations of power in social relations (Jørgensen and Phillips, 2008) and has emancipatory or enabling potential. As a critical approach, therefore, CDA seeks to explore issues of power, dominance and inequality. Van Dijk (1993a, p.252) asserts that the focus on

[d]ominance and inequality implies, unlike other domains or approaches in discourse analysis, that CDA does not primarily aim to contribute to a specific discipline, paradigm, school or discourse theory.

In the literature there are many discourses and definitions of CDA, due to its complex nature (Atkins, 2002). Fairclough (2005, p.2) defines discourse as “a particular way of representing the (physical, social, psychological) world” and sees CDA

[a]s the study of often opaque relationships of causality and determination between (a) discursive practices, events and texts, and (b) wider social and cultural structures, relations and processes; to investigate how such practices, events and texts arise out of and are ideologically shaped by relations of power and struggles of power; and to explore how the opacity of these relationships between discourse and society is itself a factor securing power (Fairclough 1995, pp.132-133).

CDA enables an examination of the relationship and power that exists between MNCs and their host government to be brought into focus. CDA may, therefore, seek to effect change through a critical understanding of the prevailing social system (van Dijk, 1993) that creates and perpetuates the relationships of power between Shell and Nigeria. More importantly, CDA focuses on the “distal context and how it privileges some actors at the expense of others, and how broad changes in the discourse result in different constellations of advantage and disadvantage” (Phillips and Hardy 2002, p.25). In this thesis the application of CDA, therefore, accommodates and is combined with elite theory. This combination extends corporate disclosure research in the accounting discipline.

In comparison to other discourse analytical approaches¹³, CDA is distinctive due to its focus on ‘social justice and sense of responsibility’ (Widdowson, 1998). And as such according to Fairclough (2001, p. 229) “social issues and problems are the starting points for CDA” and as van Dijk (1996, p.84) argues CDA should:

¹³ Other approaches to discourse analysis include: interpretive structuralism, social linguistic analysis, and critical linguistic analysis (Phillips and Hardy, 2002).

[d]escribe and explain how power abuse is enacted, reproduced or legitimated by the talk and text of dominant groups and institutions.

Fairclough's version of CDA (1989, 1992, 1995, 2001) is concerned with the relationship between power and discourse and, more specifically, "how control of discursive practice can be viewed as hegemonic struggles over orders of discourse" (Ferguson, 2007, p.920). The critical targets for discourse analysts are the "power elites who enact, sustain, legitimate, condone or ignore social inequality and injustice" (van Dijk, 1993a, p.252). This relational dynamic is consistent with the theoretical framework of this thesis (elite theory), which unmask complex relationships such as the one Shell has with the Nigerian government.

Based on its concentration on social injustice and power abuse and dominance, CDA "should have an effect in society" (Blommaert and Bulcaen, 2000, p.449); moreover, as Blommaert and Bulcaen (2000, p.449) further elaborate, it should focus on "empowering the powerless, giving voices to the voiceless, exposing power abuse, and mobilizing people to remedy social wrongs". Although Blommaert and Bulcaen (2000) provide a narrative intent ('should' in this thesis) the aim is to examine not necessarily what Shell *should* do, but *how* Shell as a corporate elite is able to negotiate and maintain its powerful position in Nigeria, despite the pressure of NGOs and the broader public's challenge of Shell's domination. In this thesis, CDA and elite theory will explore the use of counter-narratives (Chapter 7) to present other voices in relation to Shell's oil spills in Nigeria.

The following section presents Fairclough's three-dimensional framework of CDA to analyse discourse. First, the meaning of a discursive event is explained followed by

an explanation of each of Fairclough's levels; discourse as text, discourse as discursive practice and discourse as social practice.

5.3 Fairclough's three dimensions of a discourse event

For Fairclough (1989, 1992 and 1995) discourse is the use of language, as a form of social practice, and discourse analysis explores how texts work within sociocultural practice (Fairclough 1995). This social practice is embedded in the way Fairclough's framework is constructed, as it reflects the social and political contexts in which discourse is shaped and is crucial to the "production, reproduction or transformation of relations of domination" (Fairclough, 1992, p.87; van Dijk, 1993). In this thesis the Nigerian context in which discourse is generated that is, environmental, economic, political and institutional discourse is used to critically evaluate Shell's narrative oil-spill disclosures. This helps an understanding of power inequalities resulting from the creation and the distribution of discourse. However, these levels in Fairclough's CDA framework are intended to assist, not restrict, a researcher, and therefore are not fixed, as argued in the later sections of the chapter.

Fairclough (1989, 1992, 1995, 2001) considers every discursive event can be a piece of text, an instance of discursive practice and an instance of social practice. A particular discursive event can be seen at three levels as:

1. discourse as text,
2. discourse as discursive practice and
3. discourse as social practice.

These dimensions are in a dialectical relationship; therefore, it is important to analyse “the relationship between texts, interactions, and contexts” (Fairclough, 2001, p21). Fairclough expresses this diagrammatically in a three-dimensional framework (Figure 5.1).

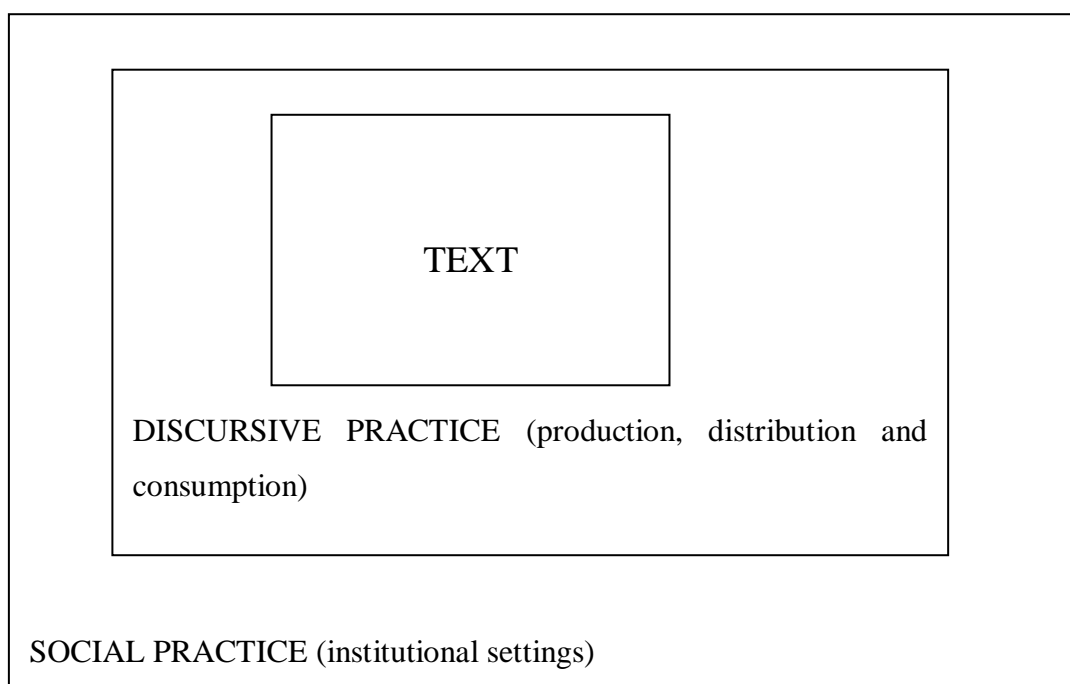


Figure 5.1: Fairclough’s Three Dimensions of Analysis (Fairclough 1992, p.73)

This multidimensional framework links text with its broader social context. As Fairclough (1995, p.97) argues:

The method of discourse analysis includes linguistic *description* of the language text, *interpretation* of the relationship between the (productive and representative discursive processes and the text, and *explanation* of the relationship between the discursive processes and the social processes [emphasis in original].

Text as a facet of discourse relates to the process of text description (Fairclough, 1995). The discursive practice of the framework examines text production, distribution (how the text is articulated) and consumption (how the text is interpreted or perceived) in society (Fairclough, 1992). In the last dimension of the discourse

event, social practice, Fairclough (1992) emphasises that discourse is social and therefore requires reference to the context in which it is generated. Specifically, the focus is on the institutional and organisational context within which discourse occurs and is maintained. Fairclough's CDA framework enables the event to be seen as more than mere text by examining the social structure within which text is produced; therefore text becomes an "interactive process of meaning-making" (Fairclough, 2003, p.10). The following sections consider each of these facets further.

5.3.1 Discourse as text

The first dimension of the CDA framework is discourse as text. According to Fairclough (1995, p.4), "text is traditionally understood to be a piece of written language" or "the written or spoken language produced in a discursive event" (Fairclough 1995, p.135). Text comes in many different forms and can be a poem or novel, newspaper, textbook and so on, and in this thesis, the discursive event is specific: Shell's and its subsidiary's narrative of oil-spill disclosures. These disclosures are in corporate texts including Shell sustainability reports (SSRs), SPDC annual reports, and Shell's response letter to major shareholders. These disclosures form a substantive part of the empirical material in this thesis and represent one form of Shell's public accountability discourse regarding oil spills in Nigeria.

Texts are one of the main foci for CDA, as "texts can have causal effects upon, and contribute to changes in people (beliefs, attitudes, etc.), actions, social relations, and the material world" (Fairclough, 2003, p.8). Thus text and discourse are not inert representations, but rather can have powerful rhetoric effects. Fairclough (2001, p.20) believes that "a text is a product rather than a process, a product of the process

of text production” and “a resource to the process of interpretation” (Fairclough, 2001, p.20).

In Fairclough’s earlier work (1992, 1995), he suggests that text analysis can be organised according to vocabulary, grammar, cohesion and text structure. According to Fairclough (1992, p.75):

[t]hese can be thought as ascending in scale: vocabulary deals mainly with individual words, grammar deals with words combined into clauses and sentences, cohesion deals with how clauses and sentences are linked together, and text structure deals with large-scale organizational properties of text.

In this thesis the main focus is upon the vocabulary of the texts. Even though Fairclough does not suggest a method of how one is to perform the analysis of the individual words, he suggests a number of approaches, including word meaning, which is of interest in this thesis (Fairclough, 1992). The focus in the word-meaning approach is “how the meanings of words come into contention within wider struggle” (Fairclough, 1992, p.77). The discursive contention of oil spills then contributes to the formation of the texts. Chapter 6 will demonstrate how oil spills were assigned a different rhetoric; for example, oil spills from controllable operations such as old pipes and uncontrollable activities such as sabotage.

Fairclough (1995) does, however, state that different research questions and foci influence how one does critical discourse analysis, in that the researcher emphasises differing aspects and dimensions of the analysis. The application of CDA in this thesis also reflects of this position; therefore, the analysis of the vocabulary of the texts is appropriate given that the focus of this thesis is on a particular language use for oil spills. That is, the focus is on the usage of the individual or dominant words representing oil spills. It becomes very important that keywords are analysed to

elucidate the language used when disclosing oil spills. The text analysis then provides a view of the discourse and examines contested words. Fairclough (1995, p.5) argues that:

[t]extual analysis can often give excellent insights about what is ‘in’ a text, but what is absent from a text is often just as significant from the perspective of sociocultural analysis.

This is a very distinctive feature of CDA, as it considers what texts include (and what they omit) to produce alternative ways of constructing and defining an event, which in this case have organisational and national significance. It further involves the “construction of identities of participants discussed in the communication, and strategies to frame the content of the message” (McGregor, 2003, p.3). According to Fairclough (1995, p.58), text analysis is concerned with presences as well as absences in texts that could include “representations, categories of participant, and constructions of participant identity or participant relations”. These concepts of identity, relationships and power will be explicated through the theoretical lens of elite theory.

The results of the textual analysis are presented in Chapter 6. The current chapter analyses only the three types of written text produced by Shell: the SSRs, SPDC’s annual reports and the letter to major shareholders. While the letter is also a public discourse document, it differs in that it is used for a particular purpose to question Shell’s response to oil spills in Nigeria. In this thesis the letter is used for analysing the oil-spill discourse. Its significance will be further discussed in Chapter 6.

5.3.2 Discourse as discursive practice

The second dimension of Fairclough's framework is the analysis of discourse as discursive practice. The analysis at this level focuses on the processes of text production, consumption and distribution (Fairclough, 1992) and consists of understanding how discourse participants produce and interpret texts. According to Jørgensen et al. (2002, p.69),

[a]nalysis of discursive practice focuses on how authors of texts draw on already existing discourses and genres to create text, and on how receivers of texts also apply available discourses and genres in the consumption and interpretation of the texts.

In his earlier work, Fairclough (1992, p.72) considered that "a way of linking this emphasis on discursive practice and processes of text production, distribution and consumption to the text itself is to focus upon the intertextuality of the latter". This is also supported by Blommaert and Bulcaen (2000, pp.448-449) who argue that approaching discourse as discursive practice means that in:

[a]nalyzing vocabulary, grammar, cohesion, and text structure, attention should be given to speech, acts, coherence, and intertextuality – three aspects that link a text to its context.

Kristeva (1986)¹⁴ coined the term 'intertextuality' based on the work of Bakhtin¹⁵. Fairclough (1992) draws on the works of both Bakhtin and Kristeva, in which "intertextuality plays a prominent role in the consideration of aspects of production, transmission and reception" (Ferguson, 2007, p.920).

According to Fairclough (1993, p.72) discourse analysis seeks to:

Trace explanatory connections between ways in which texts are put together and interpreted, how texts are produced, distributed and consumed in a wider sense.

¹⁴ Kristeva (1986, p.36) points out that a given text is "a permutation of texts, an intertextuality: in the space of a given text, several utterances, taken from other texts, intersect, and neutralize one other".

¹⁵ Bakhtin (1986) argues that every text is related to other texts.

This concept of intertextuality, according to Fairclough (1992), refers to the processes of the production, distribution and consumption (interpretation) of text. In terms of production, an “intertextual perspective stresses the historicity of texts” and how they “consist of remnants of prior texts” (Fairclough, 1992, p.84). Texts are produced in specific ways and in specific social contexts. For example, text such as an annual report is produced through a culmination of complex routines, involving a team of people.

According to Fairclough (1993) in terms of distribution, intertextuality explores the networks along which texts move, and the transformations they undertake as they move from one text type to another. For example, accounting standards appear in legislation or comment letters, and annual reports and sustainability reports can perpetuate a text and a view about an event, such as an oil spill, in terms of its cause (e.g. sabotage) rather than in terms of its consequences (e.g. social and environmental damage).

Consumption brings a range of texts to the interpretative process, which shapes understanding of the text themselves. Interpretation takes a number of forms, and can involve “close scrutiny or cursory attention, for aesthetic, rhetorical or instrumental purposes” (Thomas, 1998, n.p). Therefore, the consumption of a text does not occur in isolation. Texts are consumed differently in different social contexts (Fairclough, 1992, 2003) and this consumption can be either individual or collective (Fairclough, 1992) and through different media (Thomas, 1998). For example, some texts, like political speeches can be transformed into other texts such as journal articles and media articles. In accounting, accounting standards define ‘users’ of corporate texts.

However, users can be very far reaching once the text is ‘out there’. According to Fairclough (1992, p. 82) “interpreters not only interpret text they also interpret the context of the situation that is shaped by their mapping of the social order”. The researcher at this level is the interpreter and synthesises how the text fits in with the producer’s or consumer’s experience of the world – “what aspects of the world the text relates to and what conceptions of the world it presupposes” (Fairclough, 1989, p.78). In this thesis, this interpretation and synthesis is through elite theory. Simultaneously, the researcher is “establishing of a ‘fit’ between the text and the world” (Gallhofer et al, 2001, p.127).

Ferguson (2007) challenged this notion of intertextuality and considers that Fairclough does not provide guidance of how one is to do this type of analysis. Ferguson (2007, p.923) states that “Fairclough does not make it clear how the analyst is to explore such intertextual features (beyond the use of conjecture and speculation)” and “not only is Fairclough’s application of intertextuality remarkably unconvincing, it tells us virtually nothing about aspects of the production, distribution and consumption of text” (Ferguson, 2007, p.923). Even though Ferguson’s (2007) concerns are valid, Fairclough (1995) has argued that intertextuality depends highly on the researcher’s interpretation. Since this thesis is premised on the notion of social construction, interpretation is both inevitable and appropriate. In this thesis the interpretation is guided by CDA and informed by elite theory.

In this thesis, intertextuality is considered as a feature, and Fairclough’s (1992, 1995) non-prescriptive approach is actually enabling and does not constrict the analysis in

this thesis. By performing intertextual analysis one can see a bigger picture of the meanings of selected texts. Also their creation and consumption provides insight into how texts are perceived, understood, and used. In this thesis, this subjective element is augmented by using elite theory as a lens for interpretation. A detailed description of the approach to discursive practice is provided in Section 5.6.3.

5.3.3 Discourse as social practice

The third dimension is discourse as social practice. This provides an explanation of the previous two levels by looking at the context of discourse. Fairclough (2003, p.25) defines social practice as “articulations of different types of social elements which are associated with particular areas of social life, and the function of social practice is to articulate discourse (hence language) together with other non-discoursal social elements”. The level of discourse as social practice is then concerned with the context, including those of the institution and the wider society. In this thesis social practice provides an understanding of the discourse by analysing the institutional context through the legislative environment in Nigeria (Chapter 8).

Fairclough (1989, 1992, 1995) is particularly concerned with the “relationship between power and discourse and, more specifically, how control of a discursive practice can be viewed as hegemonic struggles over orders of discourse” (Ferguson, 2007, p.920). Fairclough’s (1989, 1992, 1995) framework is developed from a Bakhtinian theory of genre (at discourse practice level) and a Gramscian theory of hegemony (at social practice level). The theory of hegemony “highlights both how power relations constrain and control productivity, and how creativity in discourse

practices (order of discourse) constitutes one domain of hegemony” (Fairclough, 1995, p.2).

The social-practice level “stresses features of discourse that it shares with social practice more generally” (Gallhofer et al., 2001, p.125). This includes the “ideological effects and hegemonic processes in which discourse is a feature” (Blommaert and Bulcaen, 2000, p.448). Van Dijk (1996, p.84) suggests that one of the most crucial tasks of CDA is

[t]o account for the relationships between discourse and social power...such an analysis should describe and explain how power abuse is enacted, reproduced or legitimised by the text and talk of dominant groups or institutions.

Discourse is conceptualised as affecting other facets of the social aspect, as well as being shaped by the political and ideological aspects, of the interaction between social structure and discourse (Gallhofer et al, 2001, p.125). In this thesis (Chapter 8), at the social-practice level, the analysis examines practices and institutions, and in particular Nigerian legislation on and regulation of oil spills.

CDA is a comprehensive approach to studying the relationship between language use and its social context. Social context is of particular importance, as it “comprises distinct settings where discourse occurs (marketplace, classroom, conferences), each with a set of conventions that determine rights and obligations – what each is allowed and expected to do” (McGregor, 2003, p.3). This is one of the great features of CDA, as “text becomes more than just words on a page; it discloses how those words are used in particular social contexts” (McGregor, 2003, p.3).

Jørgensen and Phillips (2002, p.65) argue:

It is central to Fairclough's approach that discourse is an important form of social practice which both reproduces and changes knowledge, identities and social relations including power relations, and at the same time is also shaped by other social practices and structures.

As it is concerned with hegemonic practices enabled by socio-political resources, elite theory articulates as a lens to view this relationship.

5.4 CDA and accounting research

CDA has typically been associated with linguistics and the field of discourse analysis. Even though accounting studies of language have largely been conducted in isolation, various forms of discourse analysis have been used in accounting research.

Ferguson (2007, p.913) points out that:

“[t]he increasing interest in language and discourse throughout the social sciences has had a notable impact on accounting research: numerous studies in accounting reflect the different approaches to analysing discourse and language that dominate the area”.

Similarly, Gallhofer et al. (2001) state that many of these studies may not necessarily draw on explicit methods associated with discourse analysis, but they all share an interest in examining aspects of accounting language or language used in relation to accounting. These analyses are largely “textually oriented”, with focus on “accounting texts” such as annual reports, social and environmental reports and textbooks (Ferguson, 2007, p.913).

The ‘literature on accounting discourse and language is extremely diverse, covering many different foci of analyses (for example, annual reports, social and environmental reports and Chairman's statements), and consider various approaches to text analysis (for example, content, rhetoric, narrative or metaphor)' (Ferguson,

2007, p.918). There have been several studies using CDA in the accounting literature (Gallhofer et al., 2001; Craig and Armenic, 2004a; Craig and Armenic, 2004b; Laine, 2005; Craig and Armenic, 2006; Nielsen and Thomsen, 2007; Craig and Armenic, 2008; Ferguson et al., 2009; Cortese et al., 2010; Merkl-Davies and Koller, 2012). These studies are all examples of the hegemonic and ideological use of accounting discourse.

Gallhofer et al. (2001) applied Fairclough's CDA in what has been referred to as the first attempt to fully apply CDA in an accounting context (Ferguson, 2007). In their study of struggle over takeover legislation in New Zealand, they applied all three dimensions of Fairclough's framework for analysis to investigate the letters of submissions of two business lobby groups. At the textual-analysis level the benefits of the takeover legislation were represented as 'value-creating' or 'economic efficiency', and the study's analysis of vocabulary and connotations of keywords in the submission letters found important differences between the submission letters. At the discursive level of analysis, Gallhofer et al. (2001, p.137) found that discourse used in the letter resembled a "U.S. mainstream finance research which is characterised by its positivistic and scientistic character analytical abstract theorising (necessarily involving simplification) typically yielding hypotheses tested by large sample size statistical research" to show that "a more powerful discourse is constituted, transforming previous conventions" (Gallhofer et al., 2001, pp.138-139).

Gallhofer et al. (2001) refer to Fairclough's concept of production, distribution and consumption of text; however, as Ferguson (2007, p.918) states, they

[o]veremphasise the internal characteristics of the text, and pay insufficient attention to issues of production and reception as well as to the social and

historical conditions in which they are embedded. In this sense, and despite the merits of the work, Gallhofer et al.'s (2001) analysis falls into the "fallacy of internalism".

At the social-practice level Gallhofer et al (2001) investigated the funding arrangements between the business sector and policy-makers to discern the takeover issue as a site of struggle. As Fairclough (1992) emphasises, the application of CDA depends on the situation under investigation and the research objectives. In this thesis, the discourse of oil spills is the situational context as a site of struggle, and the overlay of elite theory will overcome the limitation referred to by Ferguson (2007).

In addition to the Gallhofer et al (2001) study, Fairclough's CDA has been used in accounting in limited ways by various accounting scholars. For example, Craig and Armenic (2004a) used CDA to study the privatisation of the Canadian National Railway Company through an analysis of articles in the company's internal newspaper. However, their analysis mainly focussed on the first level (textual analysis), and only briefly touched on the social-practice dimension. Nevertheless, Craig and Armenic (2004a) made a unique contribution to the literature, as their study demonstrates how accounting is present in all levels of document creation. In addition, Craig and Armenic (2004b) studied the discourse that emerged after the Enron collapse, analysing rhetorical tactics at play in the shareholder's letter and Berardino's¹⁶ congressional testimony. Their study revealed inconsistencies and silences that emerged in a micro-discourse analysis of the shareholder's letter. This thesis also uses a shareholder letter as empirical material. Similarly, Merkl-Davies and Koller (2012) used Fairclough's (2003, 2006) work to consider the micro- meso- and macro-levels in an evaluation of social actors and events. They analysed a

¹⁶ CEO of Arthur Andersen, Joseph Berardino, to the US Congress in December 2001 (Craig and Amernic, 2004b).

chairman's statement from a 2002 annual report of Meggit plc, a UK defence firm specialising in the aerospace, defence and energy markets. Tregidga et al. (2012, p.151) stated that in their 2012 paper, Merkl-Davies and Koller

[c]ontribute to the literature not only through the empirical findings and explanations presented, but also through the promotion of the method of CDA. They show how CDA and the study of linguistic devices such as impersonalization and evaluation can not only be used to achieve managerial agendas but also to guide audience interpretations of organizational activities and outcomes.

CDA has also been specifically used in examining particular texts such as annual reports and sustainability reports (as illustrated in the following section). For example, Laine (2005, p.395) used Fairclough's CDA to analyse the term 'sustainable development' as represented in narrative disclosures of listed companies in Finland. The companies' annual reports and other stand-alone disclosures, such as environmental, sustainability and CSR reports for the years 2001 and 2002, were collected. Laine (2005,p.395) concluded that "Finnish listed companies employ the rhetoric of weak sustainability in their disclosures related to sustainable development, subsequently reinforcing the societal discourse of business can deliver sustainable development". While this study is concerned with the particular discursive construction of sustainability, it highlights the rhetoric of language use in corporate public discourses.

Nielsen and Thomsen (2007) used Fairclough's (1995) model of CDA to analyse annual reports of six Danish corporations' CSR reporting, examining the reporting strategies in their 2004 annual reports from a rhetorical and discursive point of view. Their findings indicated that the disclosures across the companies were dissimilar, and they concluded that different companies employ different rhetorical strategies.

Therefore, studying a particular MNC in a particular context focussing on an event such as oil spills will deliver insights into the practice of disclosures.

Cortese et al. (2010) applied Fairclough's (1993, 1995, 2003) framework to examine the role of power in the international standard-setting process for the extractive industries. This study highlighted the influence of international standard-setting on the promulgation of IFRS 6 (Exploration for and Evaluation of Mineral Resources) by analysing the social practices of the standard-setting process. This thesis incorporates the social-practice level as an important indicator of key actors and their influence on discourse.

As discussed in Chapter 2, accounting researchers have focussed on aspects of Shell's operations using CDA. Livesey (2002), Livesey and Kearins (2002), have analysed sustainability reports of both Shell and The Body Shop. Livesey (2002) has also studied ExxonMobil's corporate public discourse of global warming issues. In addition to Livesey's works, Holzer (2007) examined how corporate responsibility for human rights is framed in public discourse. Holzer (2007) examined Shell's operations in Nigeria, particularly during the 1990s. Two sources of data were used in Holzer's study to

[e]xamine how the responsibility of Shell for human rights woes and environmental degradation in Nigeria was discursively constructed: newspaper reports about Shell's situation in Nigeria in the crucial year 1995 and several interviews with Shell employees, consultants, and social movement activists conducted between 1997 and 2001 (Holzer, 2007, p.282).

Based on an analysis of the public discourse of Shell operations in Nigeria in 1995, Holzer's (2007, p.281) results suggest that "once the corporation is framed as a moral actor, it gets difficult for the corporation to deny its responsibility for human rights –

even though the actual influence of the corporation may be limited”. In a complex social situation like the one in Nigeria, the responsibility of Shell cannot be taken for granted. It is established through public discourse that responsibility “necessarily reduces the complexity of social reality by powerful and widely accepted narratives” (Holzer, 2007, p.283). This thesis contributes to this literature by using Fairclough’s (1989, 1993, 1995, 2001) CDA in analysing corporate narrative disclosures. As Phillips and Hardy (2002, p.32) assert, “the creation of new concepts, such as toxic waste and endangered species, has led to new understandings of the relationship of business and the environment”. While several researchers in accounting have explored Shell’s disclosures, this thesis provides insights to the broader socio-political context through the discursive event of oil spills.

5.6 Application of CDA in this thesis

This section further explains how CDA is adopted in this thesis. This thesis argues that CDA levels are not absolute; indeed, the levels of text analysis, discourse analysis and social analysis must inform and influence each other. The linear/separate disaggregation in this thesis is for analytical purposes only and is presented in Chapters 6, 7 and 8, discourse as text analysis, discourse as discursive practice and discourse as social practice, respectively (Figure 5.2).

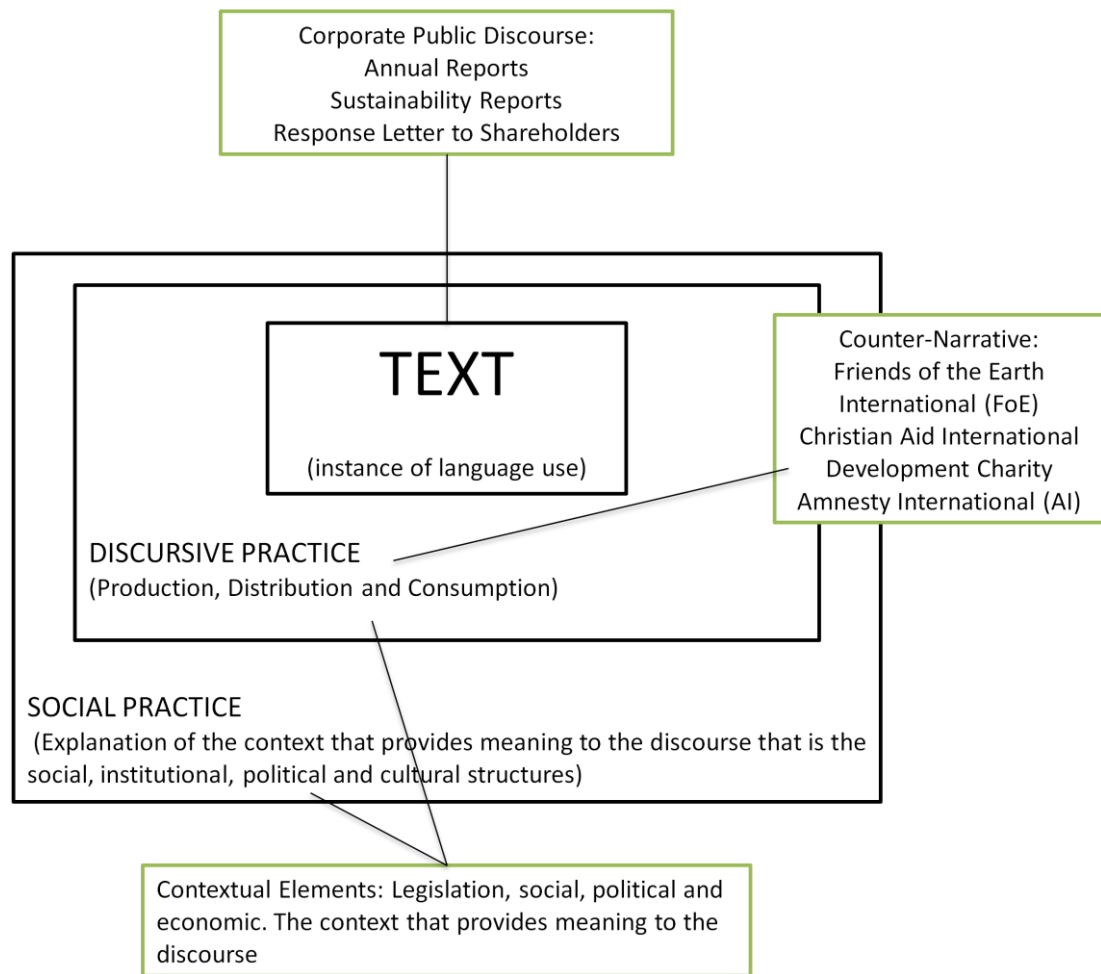


Figure 5.2: Application of CDA in this thesis

5.6.1 Data sources: annual reports, sustainability reports, shareholders' letter

In order to explore Shell's narrative disclosure of oil spills, this thesis focusses on public documents published from 2000-2010, including 10 sustainability reports¹⁷ from 2000-2010 by the parent company Shell, Shell's (2010) response letter to major shareholders and six SPDC annual reports from 2000-2006¹⁸. Shell has been

¹⁷ In 2005, Shell changed the title of its Social and Environmental reports to simply 'Sustainability Report'. Appendix 3, Table 1 shows how the name of the reports has changed over the 10-year period.

¹⁸ SPDC annual reports have limited public availability, and only six annual reports were obtained for the selected period. This is discussed further in Chapter 9.

disclosing social and environmental information since 1997, two years after the Ogoni Nine crisis (Chapter 3).

The Ogoni Nine crisis is a pivotal event in Nigeria's and Shell's history, and oil spills became a prominent feature from the 2000 sustainability report. Both Shell and its subsidiary, SPDC, report on oil spills in Nigeria, albeit via different reporting mechanisms. Annual reports are produced by the SPDC, and are mandated by corporate regulators; the format is prescribed by accounting standards¹⁹. Sustainability Reports are produced by the parent company, Shell. This type of reporting mechanism is voluntary, and therefore provides a greater scope for companies to control the content of the text.

The consolidated reports of the parent company, Shell, have been omitted from this thesis because of the lack of detail and differentiation in aggregated disclosures of environmental performance. Shell's annual reports include information on its worldwide operations and this makes it difficult to separate what is reported and disclosed exclusively for Nigeria. On the other hand, specific details of their social and environmental performance in Nigeria are disclosed in their sustainability reports.

In addition to sustainability reports, a response letter to major shareholders sent by Shell in 2010 is used for analysis. This letter is Shell's response to major shareholders' inquiry about the company's oil-spill performance in Nigeria. As the letter addresses Nigeria in particular, it is important to use it as a corroborative

¹⁹ For the period under investigation SPDC used Nigerian Accounting Standards. From January 2012 Nigeria adopted International Financial Reporting Standards (IFRS).

source to support the analysis of the sustainability and annual reports. Although it is a single instance, it is important to this thesis, as it is a public document specifically addressing Shell's oil spills in Nigeria. The letter identifies a number of questions asked by the major shareholders, and Shell's response is an important example of a corporate elite controlling discourse. While sustainability and annual reports are often considered a secondary data source for the purposes of CDA, they are primary as 'language in use' or discourse in the public domain.

5.6.2 Analysis of text

Text analysis, according to Fairclough (1993, p.75), can be organised under four main headings: vocabulary, grammar, cohesion and text structure. In this thesis the analysis of texts involves examining their form and meaning through vocabulary. Vocabulary deals mainly with individual words or keyword analysis (Fairclough, 1992). This mode of keyword analysis is the focus of this thesis at the textual level of Fairclough's framework.

The use of keyword analysis in this thesis is consistent with Gallhofer et al.'s (2001) study, which referred to dominant words. Craig and Armenic (2004, p.814) argue that "analysis of words is especially important in understanding the public discourse of corporate leaders (including their accounting-related discourse), since their written and verbal text contributes to the 'battery of belief forming institutions' in society". In this thesis the keywords include the discourse of oil spills to expose how Shell, a corporate elite, constructs a broader meaning in terms of operational versus sabotage spills.

Fairclough (1992, p.8) argues:

[a]s there is no set procedure for doing discourse analysis; people approach it in different ways according to the specific nature of the project, as well as their own views of discourse.

In addition Gee, (1999, p.5) asserts that any technique used depends on the perspective of the researcher because:

[a]ny method of research is a way to investigate some particular domain ... people with different theories ... will use different methods for their research ... [as] methods [are] essentially ... “tools of inquiry” and strategies ... designed to describe and explain what the researcher takes to exist [epistemology] and to be important in a domain.

In order to conduct the text analysis, each text was read multiple times to identify dominant words chosen for oil spills. First, the response letter as a key public discourse was analysed with attention to how Shell responds with regard to oil spills in Nigeria. It was identified in the letter that Shell classifies oil spills according to cause (Figure 6.2). Following on from the letter, each annual and sustainability report was analysed in search of any explicit comment on oil spills in general, and then oil spills in Nigeria. It was found that each type of report had a particular section titled ‘oil spills’. Each of the reports was summarised, and the dominant words were identified as text. The text analysis provides a view of the oil-spills discourse and involves examining the form and meaning of vocabulary. It focusses on Shell’s discourse concerning oil spills as represented in narrative disclosures by interrogating the text to answer the following:

- What specific words are chosen for oil spills?
- What meaning is ascribed to oil spills?
- Which institutions/actors are present in the text and how are they described?

In analysing the distribution of the discourse, the focus is on consistency and repetition. Intertextuality is evident between public documents replicating the text so as to create a discourse of oil spills across the three types of accountability texts: annual reports, sustainability reports and the response letter to major shareholders. Further, the analysis is informed by elite theory, since it alerts the researcher to 'hegemonic control' by Shell, a corporate elite. This is further developed in the discourse practice and social-practice analysis (Chapters 7 and 8).

5.6.3 Analysis of discursive practice

The key actors engaged in the text production are Shell and its subsidiary, SPDC. It is noteworthy that the Nigerian government is a major shareholder in the joint-venture arrangement operated by SPDC; the significance of this relationship is analysed as social practice. Both Shell and SPDC have commented on the oil spills and have produced a particular discourse in their public documents. The text therein presents particular meanings for oil spills and reveal how oil-spill events have been discursively constructed.

The analysis (Chapter 7) considers the discourse production and the effect of competing interpretations of oil spills. The application of elite theory will be used to explain the inconsistencies between the discourse production of Shell, a corporate elite, and that of NGOs. Tregidga et al. (2012, p.224) state that "little is known about the manner in which, for example, non-government organizations (NGOs), social movement organizations (SMOs) and others seek to interpret, dispute and counter these organizational communications". The challenge to Shell's construction of oil

spills by NGOs is used as a series counter-narratives to highlight the consumption aspect of discourse practice. The counter-narratives considered are produced by:

- Friends of the Earth International (FoE)
- Christian Aid International Development Charity
- Amnesty International (AI)

These particular NGOs produce alternative reports to Shell's oil spill-disclosures in Nigeria. In analysing the consumption of the discourse, the focus is given to Shell's elite status in Nigeria and its relationship with the Nigerian government. The discourse-practice level of analysis is presented in Chapter 7.

5.6.4 Analysis of social practice

This level of analysis gives CDA a critical focus, as it demonstrates the broader social picture by considering context. In this thesis the context refers to Nigeria's status as a developing country, and to Shell's elite status. In particular, the Nigerian legislation of oil spills is used to provide the contextual material in this dimension of analysis (Chapter 8). The legislation used includes:

1. Oil Pipelines Act (1958)
2. The Nigerian Petroleum Act (1969)
3. Petroleum (Drilling and Production) Regulation (PDPR) (1969)
4. Federal Environmental Protection Agency (FEPA) Decree (1988)
5. Department of Petroleum Resources, Environmental Guidelines and Standards for the Petroleum Industry in Nigeria (EGASPIN) – revised 2002

In addition to the above legislation, the analysis draws on Nigeria's economic, environmental and political context as a developing country and its relationship with Shell. The concepts of elite theory are used to make sense of discourse produced and interpret the context in which it occurs. This is further explained in Chapter 8.

5.7 Relationship between CDA and elite theory

CDA recognises that “power abuse is enacted, reproduced or legitimated by the talk and text of dominant groups and institutions” (van Dijk, 1996, p.84). In addition, CDA challenges the status quo, power asymmetries and social domination (Fairclough, 1993, 1995). CDA focuses on the ways in which “knowledge, subjects, and power relations are produced, reproduced, and transformed within discourse, and is operationalised” through the analysis of texts in context (Leitch and Palmer, 2009, p.2). The aim of critical text analysis approaches is to expose the “the hidden meanings in corporate narrative documents that serve the interests of the socially and politically powerful” (Prasad and Mir, 2002, p.96). This is consistent with the argument in this thesis that the narrative disclosure in Shell's public discourse serves the interests of the powerful elite, i.e. Shell and the Nigerian government.

Fairclough (1992) argues that language can be selected and used by dominant groups to control discourse, so that it takes on a common-sense meaning to make things or events appear inevitable. Therefore, such control can enable the abuse of power and subvert responsibility and accountability. Elite theory provides a way of examining this complex phenomenon without overtly imposing a template.

Shell is viewed as a corporate elite in Nigeria due to its close relationship with the government and its privileged corporate status. Shell has been in close relationship with all governments in Nigeria from military dictatorships to the democratic government since the beginning of their corporate presence in Nigeria more than 50 years ago. Van Dijk (1993, p.284) suggests that dominance of a corporate elite is usually “enacted and legitimated through text and talk”; corporations are involved daily in many forms of text, talk and communications, including reports, meetings, decision-making, orders and instructions and informal conversations (Mumby, 1988). In this thesis the focus is on annual reports, sustainability reports, and a letter to major shareholders, and the discourse they contain regarding Shell’s oil spills in Nigeria.

Annual reports often take the form of “glossy positive self-presentation” (van Dijk, 1993, p.129), and are an example of composed text. In contrast, this “dominance may be enacted and reproduced by subtle, routine, everyday forms of text that appear natural and quite acceptable” (van Dijk, 1993a), as is the case with corporate texts. Van Dijk (1993a, p.254) argues that “one crucial presupposition of adequate critical discourse analysis is understanding the nature of social power and dominance”. He further asserts that “[p]ower involves *control*, namely by (members of) one group over (those of) other groups” (van Dijk, 1993a, p.254) [emphasis in original]. This is consistent with the main principles of power elite theory where “such control may pertain to “*action* and *cognition*: that is, a powerful group may limit the freedom of action of others, but also influence their minds” (van Dijk, 1993a, p.254).

Elite theory is concerned with “inequalities based on power or lack thereof” (Arslan, 2006, p.2). Both elite theory and CDA challenge power asymmetries in society. CDA exposes and challenges power, and elite theory explicates power inequalities and the production and influence of the corporate elite’s dominant text (van Dijk, 1993a). Both CDA and elite theory adopt the belief that humans are agents of social change. This thesis argues that discursive (re)production of power results deliberately by the powerful, as “they are truly the means of the symbolic reproduction of dominance” (van Dijk, 1993a, p.259). This is further argued in Chapters 7 and 8.

5.8 Summary

This chapter presented the methodological framework used in this research and identified CDA as an appropriate framework for studying Shell’s oil-spills disclosures in Nigeria. The chapter discussed Fairclough’s CDA and its application in this thesis. CDA examines the language used and provides “excellent insights about what is ‘in’ a text, but [also] what is absent from a text”, which “is often just as significant from the perspective of sociocultural analysis” (Fairclough, 1995, p.5). This type of qualitative analysis has been used in accounting research, and this thesis explicitly builds on this literature. An analysis of the data, which includes description, interpretation and discussion, is presented in the following chapters.

CHAPTER 6: TEXT ANALYSIS: DISCURSIVE MEANING OF ‘OIL SPILLS’

6.1 Introduction

The preceding chapters introduced the methodological assumptions and theoretical framework that support a critical analysis of Shell’s oil-spill disclosures. As indicated in Chapter 5, Fairclough’s CDA identifies discursive events in a three dimensional framework: text analysis, discourse practice and social-practice analysis. Although there is no one predetermined sequence in applying Fairclough’s (1992) framework, this thesis structures the analysis from the micro text level to the macro social-practice level.

This chapter presents the first level of CDA: text analysis of Shell’s sustainability reports and its letter to major shareholders and SPDC’s annual reports. These public documents are the sites of the discursive event and form the micro-level of analysis (Figure 6.1). More specifically, the focus is on the usage and meaning of dominant words ascribed to oil spills, as the “analysis of words is especially important in understanding the public discourse of corporate leaders (including their accounting-related discourse), since their written and verbal text contributes to the battery of belief-forming institutions in society” (Craig and Amernic, 2004, pp813-814). This concept of corporate leaders is important for this thesis, as Shell is considered a corporate elite in the oil industry, and in Nigeria (as discussed in Chapter 4). The process of text analysis is shown in Figure 6.1.

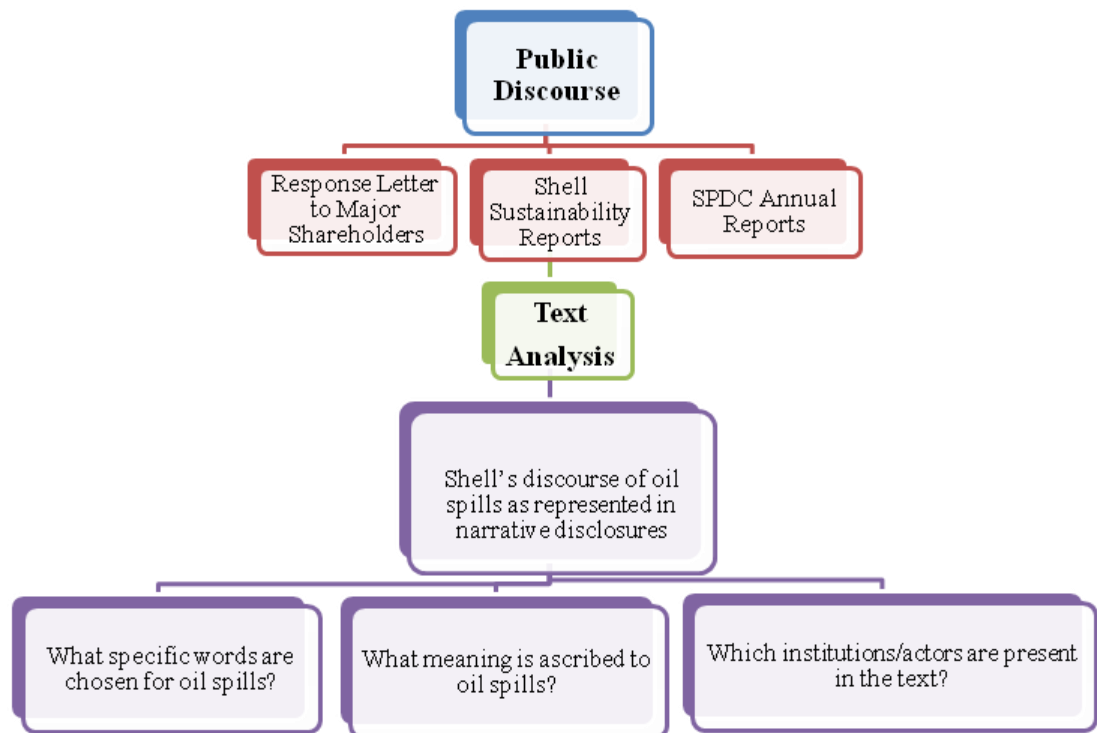


Figure 6.1 Process of Text Analysis

The purpose of the analysis is to identify what Shell says about the oil spill phenomena in Nigeria in its public corporate disclosure. This analysis is then followed by the meso-level of analysis, discursive practice (Chapter 7), and the macro-level of analysis, social practice (Chapter 8). Each of the levels provides insight into the next as the focus moves from the text itself and the words in use, to the discourse and perspectives of the creators of the documents (Chapter 7), and lastly to the social and institutional context of the discourse (Chapter 8).

The discourse as text is presented as a series of quotations from the documents, from which dominant discourse is identified.

6.2 Overall structure of the public documents

The public discourse of oil spills is analysed in three types of documents: Shell's sustainability reports, SPDC's annual reports and Shell's response letter to major shareholders. These documents are primary sources of publicly available disclosures and form the empirical data. As indicated in Chapters 1 and 3, Shell's oil spills have significant environmental and social impacts on Nigeria. Appendix 1 shows the number and volume of Shell's and SPDC's oil spills in Nigeria for the period 2000-2010. The appendix also shows the number of Shell's oil spills in Nigeria according to SPDC compared to the whole group of Royal Dutch Shell companies. Given the impact of Shell's operations in Nigeria via its subsidiary SPDC, there is, unsurprisingly, an expectation of available public disclosure on the issue. In this thesis it is the public documents in its written form that are of interest²⁰.

Both Shell and SPDC publicly disclose oil-spill incidents via different reporting mechanisms. Shell uses voluntary sustainability reports that are unregulated, but have become a popular method used by corporations to disclose their social and environmental performance (Yakovleva, 2006). Shell began to disclose its social and environmental performance in 1997, two years after two major events for which Shell was widely and publicly criticised. That such sustainability reports have occurred are consistent with Patten (1992), who noted an increase in voluntary disclosure as a response to negative events. Shell's social and environmental report in 1997, *'Profits and Principles – Does There Have To Be a Choice'*, focussed on

²⁰ Other public discourses such as media speeches of Shell's executives and other media publications, are available. However, for the purposes of this thesis the annual and sustainability reports are necessary to put the thesis in an accounting context.

how Shell was “living up to its financial, social and environmental responsibilities, with some focus on Nigeria” (Doyle, 2002, p.178). The report examined the “company’s performance under its new business principles, and considered the case of Nigeria” (Doyle, 2002, p.178). Additionally, in 2009, voluntary disclosures were premised on the notion that “we do it to be open and honest and to show how we are contributing to sustainable development” (Shell, 2009, p.i). Since 1997 Shell has consistently disclosed information about oil spills. In 2010 Shell presented its 13th sustainability report.

Shell’s subsidiary, SPDC, produces annual reports, which are regulated and given authority by accounting standards and audit processes (Appendix 3 lists the reports accessed to undertake the text analysis). In contrast to these general-purpose reports, Shell’s response letter to shareholders is a special-purpose document designed for a known audience. The actual letter is shown in Appendix 4. Shell and SPDC disclose a substantial amount of detail on oil spills in Nigeria (Appendix 2).

Both the sustainability and annual reports consist of multiple sections. Even though Shell operated in a number of countries during the period of investigation from 2000-2010, the sustainability reports contain a special section on Nigeria (Table 3 in Appendix 2 provides a summary of Shell’s sustainability reports). This indicates that Shell considers its Nigerian operations to have a level of importance. The SPDC annual report also contains a special section titled ‘Oil Spills’, which describes the year in review and reports on oil-spill performance (Appendix 2 provides a summary of SPDC’s annual reports). Over a 10-year period it is apparent that disclosure on oil

spills has become a prominent feature of both Shell's and SPDC's reporting framework.

6.3 Shell's letter to shareholders

This section of the chapter analyses Shell's 2010 letter to shareholders²¹ (Appendix 4). The letter, dated 31 May 2010, is a direct response by Shell to specific shareholders inquiring about Shell's oil spills in Nigeria. Despite the letter being a special-purpose message to individual shareholders, Shell has published it on its website for public consumption. It thus forms discourse in the public domain, and falls within the ambit of this thesis. The letter sets the context and scene before further analysis is undertaken of the annual and sustainability reports.

The letter is a key public statement from Shell and represents a carefully constructed discourse to provide management an opportunity to articulate its views on oil spills. The letter discusses a range of issues, such as Shell's other operating subsidiaries²² in Nigeria; Shell's relationship with the country; and, oil spills and oil-spill-related issues. It also provides tables showing the volume and number of oil spills for the period 2000-2009. The letter is a response to three requests for Shell to:

1. Kindly provide information on the numbers, volumes, locations and timings of crude oil spills in the period 2000 to date associated with the past and current operations under your company's control, management or operation.

²¹ The letter is addressed to 'Mrs and Mr', which may indicate more than one shareholder. The names are not included in the letter.

²² Shell's other companies in Nigeria include: Shell Nigeria Exploration and Production Company Ltd (SNEPCO) and Nigeria LNG Ltd (NLNG).

2. Kindly provide a description of your company's past and present prevention, mitigation, remediation and monitoring procedures relevant to crude oil spills.
3. Kindly provide a list of the above spills and spill sites where adequate clean-up operations were not done, either no clean up at all or only partly clean up, and the reasons (s) for the lack of adequate clean-up.
(Shell, 2010a, n.p.)

Shell indicates that the shareholders' letter centres on oil-spill issues related to operations in Nigeria, and, adding "we understand that your questions are directed at Shell's onshore activities there" (Shell, 2010a, n.p.). However, before any of shareholders' requests are addressed the company stresses that it is a responsive and accountable operator in Nigeria:

Let me start by saying that we²³ are committed to a high level of openness and transparency. We welcome the opportunity to update you on Shell's activities in Nigeria, and look forward to a continued dialogue with (Shell, 2010a, n.p.).

Before updating shareholders on oil spills, the letter first describes Shell's other activities in Nigeria, and provides a wider context:

Your letter centers on oil spill issues related to operations in Nigeria, and we understand that your questions are directed at Shell's onshore activities there. However, let me briefly update you on the Shell Nigeria portfolio overall, where various Shell companies are involved in three distinct activities, and produced 281,000 barrels of oil equivalent (boe) per day in 2009 (Shell equity share). It is important to look at the total picture in a country where in fact many of Shell's activities have been very successful for many years (Shell, 2010a, p.1).

The letter emphasises Shell's success in Nigeria and other business arenas, despite concern about a specific issue, 'oil spills'. The letter further states:

²³ The letter finishes, Yours sincerely, Royal Dutch Shell Plc', and is signed by Dr.J.J. Traynor, Executive Vice President, Investor Relations.

We understand that the questions in your letter are aimed at getting a clearer picture of JV (SPDC), and we will address that in the next section on the basis of the information provided by SPDC. However before we do so, please be assured that SPDC is committed to taking all reasonable action within its power to avoid oil spills and reduce environmental impacts from the JV's operations in the Niger Delta (Shell, 2010a, n.p.).

These excerpts set the scene for the shareholders to understand how Shell is 'committed' and 'taking all reasonable' action. Furthermore, before answering shareholders' questions, the letter highlights the challenges SPDC faces in Nigeria, indicating that the Nigerian context can be violent. The following excerpts leave one in no doubt of this hostility:

Heavily armed and well-organised groups attack oil and gas facilities in the Niger Delta, shut down operations, kidnap staff and sabotage pipelines (Shell, 2010a, n.p.).

Some of the oil theft is crudely organized, but much is highly sophisticated organized crime, with barges taking stolen oil to tankers waiting offshore for export (Shell, 2010a, n.p.).

An understanding of the root causes of this militant violence and theft – poverty, unemployment, corruption and a lack of basic social services – is fundamental to any assessment of the situation in the Niger Delta (Shell, 2010a, n.p.).

Shell states that communities are frustrated because of poverty and subsequent targeting of energy companies' operations (Shell, 2010a). Nonetheless, this violent context sets up the idea that not all oil spills are Shell's fault or responsibility. The letter identifies the context of Nigeria as a 'war zone' before embarking on the details of SPDC's oil spills and responding to the shareholders' concerns. In the excerpts above, the operating environment for Shell is described as 'heavily armed' by 'highly sophisticated organized crime'. Violence and anarchy are prominent in any discussion of the social context of poverty.

The response letter provides a number of reasons for oil spills which can either be controllable or uncontrollable depending on their cause. Controllable spills are attributable to SPDC (Shell, 2010a, n.p.) and are therefore referred to as operational spills. Operational spills might include equipment failure, human error, corrosion and engineering faults. In the letter Shell states that:

For all spills that are within our control to prevent, we assess the extent of damage and provide an appropriate compensation package to the impacted communities (Shell, 2010a, n.p.).

Shell argues that for all operational spills they “have an integrity management programme, which is designed to ensure that equipment and infrastructure is kept in good condition, and does not fail and so damage the environment” (Shell, 2010a, n.p.).

Uncontrollable spills are attributed to sabotage and results “when thieves drill into pipelines or damage wellhead equipment to steal oil and natural gas liquids” (Shell, 2010a, n.p.). Shell claims that sabotage and theft in Nigeria are the largest single cause of their oil spills.

In the letter, Shell states:

Please be assured that SPDC is committed to taking all reasonable action within its powers to avoid oil spills and reduce environmental impacts from JV’s operations in the Niger Delta (Shell, 2010a, n.p.).

This sentence draws attention to the company’s assurance that it is doing everything in its power to prevent oil spills, and then guides the reader’s attention to sabotage, to further portray the company itself as acting as responsibly as it can in a crime-ridden environment.

Over this period more than 70% of the spills and related volumes were the result of sabotage and theft, which increased to 98% in 2009. Theft and

sabotage has also impacted infrastructure – about 500 kilometres of flow lines (pipes that carry oil from the well to processing facilities) have been stolen in the western delta since February 2006 – and caused major environmental pollution (Shell, 2010a, n.p.).

The above excerpts from the 2005 sustainability report and the response letter show how these two sources reinforce and replicate the discourse. The following is Shell's response to the shareholders concerning controllable spills:

However, less than 30% of spill volumes in the last five years have been due to operational failures, such as pipeline corrosion, equipment failure and human error. SPDC has been working hard to minimise spills due to operational failures, and only 2% of the 2009 spills were caused by these issues (Shell, 2010a, n.p.).

As well as narrative about controllable and uncontrollable oil spills, Shell also provided graphs in answer to shareholders' questions on the number, volume, locations and timings of crude-oil spills²⁴. Associated with the operations under Shell's control, management or operations for the period 2000 to May 2010, Shell states:

Over the last five years the JV has recorded 875 spills totalling 36.4 thousand tonnes (around 270,000 barrels). Over this period more than 70% of the spills and related volumes were the result of sabotage and theft, which increased to 98% in 2009 (Shell, 2010a, n.p.).

There emerges a discourse of 'blame' for oil spills defined in the letter as theft and vandalism by organised community groups (Shell, 2010a). Further, when discussing the spills there is reference to a 'series of attacks', 'ongoing security problems', 'threat to people' working there that 'continues and remains real' and 'theft and sabotage that has also impacted infrastructure' (Shell, 2010a, n.p.). Further to this,

²⁴ Figure 1 and Figure 2 in Appendix 1 show the spills in thousands of tonnes by category and number of oil spills by category for the period 2000-2009.

Shell states that the situation in Nigeria is worsening, and that oil spills²⁵ due to sabotage are increasing. This is illustrated in the following excerpt:

Over the years, as the problem of sabotage and theft has escalated, the JV has steadily increased the manpower and financial resources available to deal with the resulting clean-up and remediation work (Shell, 2010, n.p.).

One of the key ideas that the letter conveys is the harmony of interests between the company and the country: as explicitly stated, the goal of the company is to find ways of working constructively with communities in relation to sabotage spills. This harmony of interests will be revisited later in terms of the relationship between Shell and Nigeria.

The letter is framed by Shell's senior management to highlight the company's responsibility toward the shareholders who requested the information. It represents the crystallisation of responses to a number of defining questions from the shareholders, culminating in important behaviour showing accountability and responsiveness by Shell and SPDC. This type of disclosure is a tool to persuade these particular shareholders of the different meanings surrounding oil spills, with a shift in the use of discourse when reporting on or describing different causes of oil spills. Presumably, the letter was written very carefully and deliberately, with the intent of serving as a very public²⁶, formal statement of Shell's corporate accountability for oil spills in Nigeria. While the response letter indicates that Shell operates in a complex context in Nigeria, a dominant theme around uncontrollable spills and Shell's responsible behaviour emerges. Amernic et al. (2010, p.26) argue that "such letters are narrative accountability texts offering valuable insight to the motives, attitudes

²⁵ The letter does not state whether this is the number or volume of oil spills.

²⁶ The letter appeared on Shell's website.

and mental models of management”. The letter, sustainability reports and reports reiterate Shell’s attitude and motives, as demonstrated in the following text analysis.

6.4 Analysis of Shell’s sustainability reports and SPDC’s annual reports

The letter highlights the nature of operational spills versus sabotage spills; this section analyses these themes further by investigating other narrative disclosure mechanisms by Shell and SPDC: Shell’s sustainability reports and SPDC’s annual reports. The following figure provides a summary of Shell’s oil spills according to the letter, sustainability reports and annual reports.

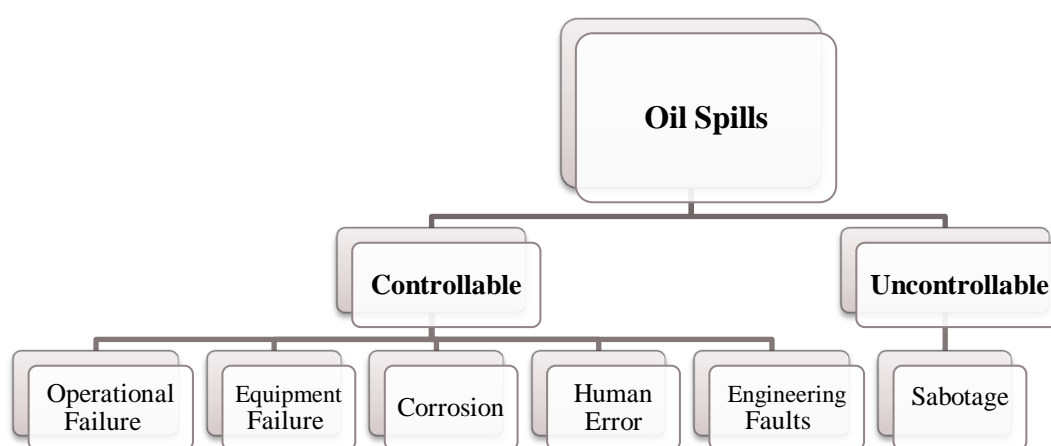


Figure 6.2 Summary of Shell’s explanation of the causes of controllable and uncontrollable oil spills in Nigeria

Text analysis focuses on dominant words and the dominance of certain discursive means and institutions or actors represented in the discourse, rather than the quantity

of words describing oil spills. It should be noted that the major analysis undertaken in this chapter is to identify the dominant words, or keywords, by highlighting excerpts from selected text. The analysis focuses on the specific words chosen for ‘uncontrollable’ oil spills, i.e. sabotage, and ‘controllable’ oil spills, i.e. operational spills. From the analysis of the letter, Shell, SPDC and the affected communities in Niger Delta are portrayed differently in the discourse of oil spills. The descriptors of oil spills and the identification of institutions and actors are either directly or indirectly reflected in Figure 6.1.

An analysis of the sustainability and annual reports in Sections 6.4.1 and 6.4.2 highlights a shift in the discourse when reporting on controllable oil spills (operational spills) and uncontrollable spills (sabotage). Figures 6.3 and 6.4 summarise the dominant words used in Shell’s and SPDC’s oil-spills disclosures.

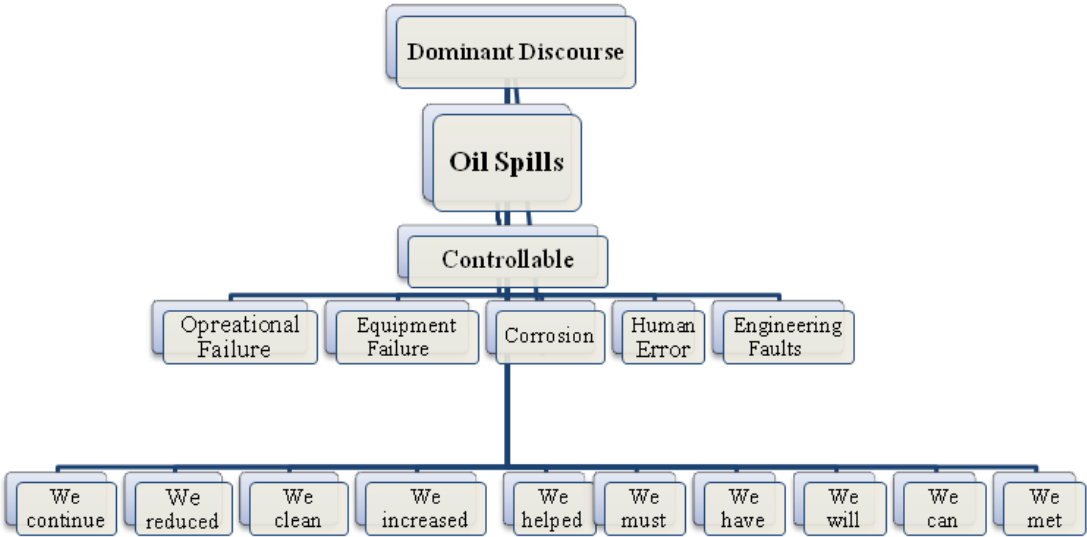


Figure 6.3 Keywords on controllable oil spills

When reporting on operational spills, Shell constructs a particular image in terms of ‘we are responsible’. Words such as ‘we must’, ‘we continue’ and ‘we are’ suggest that Shell is taking responsible action and control of their operational spills. This lexicon implies ongoing, proactive and successful action on the part of the company. Jørgensen and Phillips (2002, p.84) argue that corporate rhetoric is usually a “promotional discourse, and consequently, their construction of identity, which is dominant”. Shell is characterised, for example, as ‘responsible’, ‘caring’ and ‘accountable’. In other words, Shell is personified through discourse with a particular identity reinforced through this nominalising language (Jørgensen and Phillips, 2002).

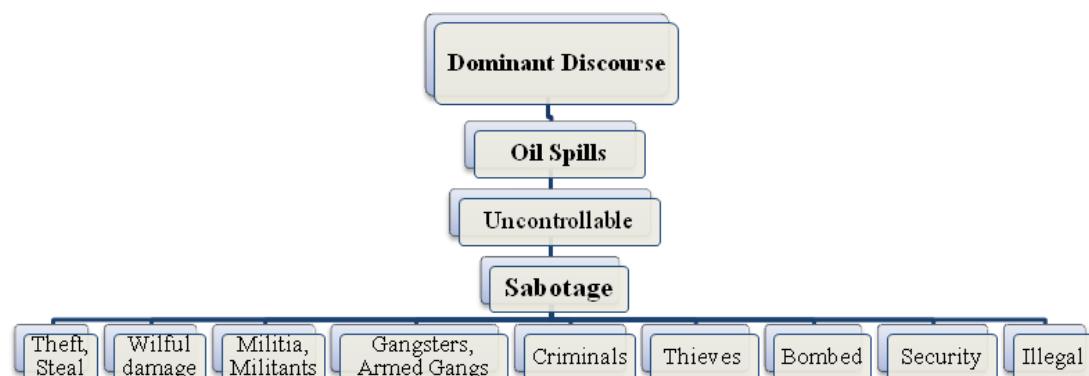


Figure 6.4 Keywords on uncontrollable oil spills

The discourse of uncontrollable oil spills is dominated by sabotage, and indicates the use of language that attributes blame to others. Words such as ‘criminals’, ‘gangs’, ‘thieves’, ‘theft’, ‘wilful damage’ and ‘bombed’ are most evident and recur

frequently in the documents. These words are usually not used stand-alone and are often accompanied by emotive terms and phrases, for example ‘organised theft’ and ‘attacks by militants’ (discussed in 6.4.2). Once oil spills are categorised as uncontrollable, Shell uses words that identify deliberate action rather than an accident or forces of nature. Instead, by referring to the actions as unlawful behaviour, Shell clearly delineates these oil spills as not being its responsibility. Further reference to such unlawful actions implies that the responsibility for detection, enforcement and punishment rests with the Nigerian government, as they are a breach of Nigerian law.

According to Shell’s and SPDC’s disclosures, the main saboteurs of pipes are individuals in the Nigerian oil communities who are criminals, thieves and gang members. The Oxford Dictionary (2012, n.p.) defines a criminal as “a person who has committed a crime”, which involves a regulatory or legislative decision that the act is against the law. In relation to Shell’s disclosures it would then appear that these criminals, thieves and gangsters have performed a criminal act. However, nowhere does Shell define what it means to be a criminal, thief or gangster as identified in their disclosure. Assuming that criminals are the individuals or gang members who steal oil, Shell clearly considers the Nigerian people to be the ‘other’; the ‘saboteurs of pipes’.

The following sections provide excerpts of the words associated with ‘operational’ versus ‘sabotage’ spills, and illustrate an application of Fairclough’s method of dominant word analysis. These excerpts were chosen because they convey communication about controllable and uncontrollable oil spills. The excerpts further

exemplify this identity-shaping discourse and demonstrate a consistent pattern in the use of words, reinforcing the theme of discourse of ‘Shell’ and the ‘other’. The key words or terms are underlined for analytical purposes.

6.4.1 Operational controllable oil spill discourse

To shed further light on the discourse of operational spills, this section provides examples of the keywords used in the selected texts. Consistent with the response letter to major shareholders, Shell defines controllable incidents as spills “from factors we can control, like operational failure” (Shell, 2007, p.20). The first excerpt starts with Shell’s 2000 sustainability report, wherein the company states:

In 2000 we met²⁷ our aggressive target to reduce the volume of spills with volumes down by nearly 50% on last year. This was mainly due to improved maintenance to reduce corrosion (Shell, 2000, p.15).

The underlying emphasises words that indicate a proactive response, such as reduce and improved, together with the collective expression of ‘we’; i.e. Shell, the company. Similar disclosures are noted in the following years, as shown in the excerpts below.

Increases in oil spills and gas flaring were disappointing. We are resolved to improve (Shell, 2001, p.3).

In Nigeria, we have been running a programme to clean up old oil spills since June 1999. Of the more than 500 sites requiring remediation, work has been completed on 245 (Shell²⁸, 2002, p.29).

²⁷ Hereafter in this section, the author uses underlying to highlight the keywords for the convenience of later analysis, and to highlight where and how dominant words are used in the texts.

The main improvement came in our Exploration and Production business, where the volume of spills attributed to sabotage in Nigeria was reduced by more than 50%. Nevertheless, we still had more than a thousand spills (Shell, 2002, p.25).

In 2004 Shell reports on controllable incidents:

We have reduced the number of controllable spills (79 in 2004) by more than half and their volumes by over 95% since 2000. In 2004, we cleaned up 199 sites, exceeding our target of 100. We are on track to restore all spill sites that have been identified for remediation by the end of 2006, provided communities allow us access (Shell, 2004, p.16).

The use of terms to suggest quantification, such as ‘we have reduced’, implies managements’ response to controllable oil spills. On the other hand, the use of ‘on track’ implies a systematic response to previous oil spills.

They continue by saying:

We must improve our environmental performance and make up for past mistakes, including cleaning up oil spills, preventing new ones and ending continuous flaring of gas (Shell, 2004, p.16).

We have increased pipeline security, buried or caged some of the most vulnerable sections and increased the hiring of surveillance teams from the community (Shell, 2004, p.16).

We continue working to come as close as we can to meeting the government’s and Shell’s target to end continuous flaring by 2008 (Shell, 2004, p.16).

These excerpts indicate an attitude of being ‘responsive’. There is a plan, and they are organised, managing and disciplined. Even though they report on controllable oil spills, they still imply sabotage and the need for pipeline security by hiring community surveillance teams as *defacto* militia. The overwhelming use of ‘we’ demonstrates how Shell highlights its responsible behaviour, and even acknowledges

²⁸ In 2001-2002 Shell’s sustainability report was entitled the *People, Planet & Profits: The Shell Report*. The 2002 report became *The Shell Report: Meeting the Energy Challenge*. The 2003-2010 reports changed their titles. Appendix 3 shows full list of the report titles.

past mistakes. Shell is aware of the company's past performance and is portraying an image of a company with a solution to a controllable problem as a responsible corporate citizen. These words of action connote a responsive company, and this labelling of responsibility give an impression of a company trying to do everything possible within their control to prevent spills. In other words, the text develops around responsibility and the company's role in managing oil spills. In 2005 and the following years similar disclosures appear:

We continued to improve our spill response, hiring local community surveillance teams and educating communities on the dangers of sabotage (Shell, 2005, p.27).

This statement shows that Shell is supportive of communities, and strives to educate them about sabotage. It appears that spills that are controllable are 'good news' stories even though it's the company's fault, as is interpreted from:

Improvements in pipeline maintenance and monitoring since 2000 have reduced new spills from corrosion or operational failure by 90% by volume (Shell, 2005, p.27).

A similar discourse is also established in 2006 and 2007. Shell comments that:

In Nigeria, in areas where we could operate, spills from corrosion and operational failures were at their lowest in seven years as better inspection and repair continued to improve performance (Shell, 2006, p.17).

By 2006, SPDC had dramatically reduced operational spills, thanks to better pipeline monitoring and maintenance (Shell, 2007, p.25).

Wherever SPDC has been forced to withdraw because of the current security situation, it has fully shut down the production facilities to limit the spill damage from sabotage by criminals and militants (Shell, 2007, p.25).

We are working to reduce the environmental impacts from our operations (Shell, 2007, p.19).

It is also noteworthy that Shell still couches its message to communicate a sense of being responsible even when oil spills are caused by the ‘other’. Shell’s ‘responsible’ discourse is also evident in 2008 and the years that follow.

Between 2003 and the end of 2005, SPDC had dramatically reduced its operational spills thanks to better pipeline monitoring and maintenance. Unfortunately progress then stalled as the security and funding problems took their toll (Shell, 2008, p.21).

In 2008, some operational improvements were made, despite the security situation. Operational spills in areas where the joint venture had access (and so where reliable information was available) were lower than in the previous two years (Shell, 2008, p.21).

Reducing spills we can control in our facilities requires clear procedures, consistent compliance and a lot of hard work. The number and volume of these operational spills, for example from corrosion or operational failures, have fallen since 1998 (Shell, 2008, p.31).

Since 1997, we have been reducing the amount of spills from our operations that occur for reasons we can control. We have done so through clear procedures, consistent compliance and a lot of hard work. However spill volumes from sabotage rose sharply in 2008 due to one sabotage incident in Nigeria, pushing up our total volume (Shell, 2008, p.41).

These two excerpts highlight Shell’s substantive response to operational oil spills with the word compliance. However, these efforts by Shell cannot control sabotage. The excerpt above suggests a quantifiable reduction of oil spills and how, since 1997, these spills have been controlled. This focus on reducing the number and quantity of operational oil spills became prominent in the 2009 report.

In 2009, our operational spills of oil and oil products totalled around 1,300 tonnes, the lowest amount we have ever recorded. We continue to learn from such spills. As a result, we developed additional guidelines for the inspection and repair of all our distribution pipelines (Shell, 2009, p.15).

Shell elaborates:

The total number of spills in 2009 was 132, against the average between 2005 and 2009 of 175 per year (SSR, 2009, p.15). In operations that we control we

have clear requirements and procedures designed to prevent spills (Shell, 2009, p. 15).

The volume of oil spilled in 2009 during our operations was the lowest we have recorded (Shell, 2009, p. 36).

In other ways, we undoubtedly had a difficult year in Nigeria in 2009. But we are looking to the future and working to build on our relationship with the communities. We have good-quality, committed staff in Nigeria – that's another reason for optimism. (Shell, 2009, p.7)

This last statement is similar to the 2005 report, in which Shell is supportive of communities and educates them about sabotage, which is 'good news', even though the spills are the company's fault. In 2009 a similar pattern is established, where a difficult year in Nigeria also becomes 'good news'. Argument and factual examples are interwoven to illustrate how Shell is dealing with oil spills. Oil spills caused by Shell's 'operations are reconstructed in terms of the responsible and positive actions the company has taken.

In 2010, similar discourse is evident:

We were able to renew infrastructure, such as pipelines, and build facilities to collect gas produced with oil that is normally burned, or flared (Shell, 2010, p.18).

In addition, in 2010 Shell did more clearly admit to their role in operational spills.

We have made mistakes, but we listen and try to learn from the past to improve our performance today and in the future (Shell, 2010, p.18).

No operational spill is acceptable and we recognise that we have to improve our performance in this area. We are investing in an ongoing maintenance programme. We are also determined to be more transparent in our response to oil spills (Shell, 2010, p.18)

However, company's past 'mistakes' are also acknowledged in Shell's 2005 sustainability report. They are aware of the company's past performance and will do better by 'listening' and 'trying' in the future. Although operational oil spills are

acceptable, it is worth aligning this statement with the response letter to major shareholders.

Less than 30% of spill volumes in the last five years have been due to operational failures, such as pipeline corrosion, equipment failure and human error. SPDC has been working hard to minimise spills due to operational failures, and only 2% of the 2009 spills were caused by these issues (Shell, 2010a, n.p).

The controllable oil spills were 2% in 2009. This makes them a significantly smaller problem than the uncontrollable. The above examples show how, once again, discourse produced in the sustainability reports is consistent with discourse produced in the response letter. Throughout the texts there is a repetition of words such as ‘continuing’ and ‘reducing’. Consistent with this disclosure, SPDC annual reports show the use of similar language to that in Shell’s sustainability reports. The following section provides examples of the keywords used in SPDC annual reports.

In 2001, a major oil spill occurred in Ogbodo in Rivers State. SPDC’s annual report for 2001 acknowledges equipment failure, but also states that “an unknown person closed in a valve on a major delivery trunkline” (SPDC 2001, p.41). This example demonstrates that Shell admits that equipment failure was the main reason for the spill, while redirecting the focus to their reluctance to accept explicit responsibility for the oil spill. Further examples of responsive behaviour are evidenced in the following excerpts:

We have maintained and strengthened existing measures for oil spills prevention. As described elsewhere in this report, these include the upgrading of our facilities to reduce and prevent cases of corrosion and equipment failure (SPDC, 2000, p.37).

While we are pleased that our spill records now meet the quality standard of the Shell Group, we also aim to reduce the number of spills that occur (SPDC, 2001, p.59).

During the year, we continued monitoring the regulatory compliance of our operations using a transparent reporting format (SPDC, 2002, p.35).

They continue in the 2002 report:

During 2002, we commenced more intensive investigations into all major spill cases (SPDC, 2002, p.42).

In 2004, controllable oil spills were also due to issues outside Shell's control:

Spills from corrosion increased from 18 in 2003 to 38 in 2004 due in part to denial of access by communities – for an extended period of six to 18 months – which affected our ability to undertake corrosion mitigating inspections and cathodic protection programmes (SPDC, 2004, p.16).

Thus, in 2004 the discourse of oil spills was shaped by implicating the community to take responsibility, thereby creating more focus on the 'other'.

Also, we increased consultation and engagement of host communities to create greater awareness on the consequences of oil spills and the need for timely reporting of incidents. In addition, communities are being encouraged to take responsibility for safeguarding assets located in their areas, as part of pipeline and facilities surveillance contracts (SPDC, 2004, p.16).

As in previous years, the denial of access to spill sites by some communities restricted our ability to respond and clean up spills in good time. In 2005 the spill response and remediation units were combined into one unit to improve efficiency in spill response, clean-up and remediation of impacted sites. This has resulted in a quicker response to spill emergencies, enabling us to achieve containment and recovery in 82 per cent of the impacted sites (SPDC, 2005, p.16).

The above excerpts indicate how discourse around controllable oil spills is mostly concerned with responsive and learning actions. This is further elaborated in 2005 and 2006, when the reports implicate communities as having a role in oil spills:

We continued to remind our host communities about the consequences of oil spills, and the need for timely reporting of incidents. As in previous years, communities are being encouraged to take responsibility for safeguarding and protecting assets located in their areas, as part of pipeline and facilities surveillance contract (SPDC, 2005, p.16).

Once again, Shell is taking action in 2005 and 2006.

The remediation of impacted sites is a key focus of Shell Nigeria's environmental management programme. Evaluation of impacted sites continued in 2005, during which a further 346 sites were assessed as requiring remediation. These included past impacted sites as well as sites resulting from spills that occurred in 2005 (SPDC, 2005, p.16).

We were able to rehabilitate more sites previously impacted by oil spills than planned during the year (SPDC, 2006, p.3).

Both Shell and SPDC demonstrate a consistency in language when referring to controllable spills. There is a dominance of statements and reference to 'we will', 'we continue', 'we have' and other argumentative markers (Figure 6.3).

Corporate reports, as textual discourse, have a rhetorical effect or meaning. Operational spills' conveys an impression that Shell is in control of certain oil spills in Nigeria within their sphere of influence. The notion of the entity principle is evoked: these oil spills are internal to the entity, as opposed to externalities (in this case, uncontrollable oil spills). Labels such as 'we continue, 'we increased' or 'we cleaned' are used to demonstrate ownership and present a positive self-representation of Shell and SPDC as responsible and accountable. In addition, the reports show how the company brings the community into 'controlling' oil spills where discourse of 'the other' is created. This is highlighted in the following section.

6.4.2 Sabotage (uncontrollable) oil spill discourse

This section provides explicit examples of the keywords used in 'uncontrollable' disclosures. The analysis reveals that the dominant meaning attached to uncontrollable spills is 'sabotage'. Consistent with the response letter to the major

shareholders, Shell's 2007 sustainability report (p.20) defines uncontrollable spills as "spills from sabotage that fluctuate with events". Sabotage is defined by the Cambridge Dictionary (2010); the definition even uses oil pipelines as an example:

[to]damage or destroy equipment, weapons or buildings in order to prevent the success of an enemy or competitor. For example, the rebels had tried to sabotage the oil pipeline.

Shell refers to an example of sabotage as "when thieves drill into pipelines or damage wellhead equipment to steal oil and natural gas liquids" (Shell, 2009, p.22). Shell claims that "the great majority of oil spills in Nigeria are the result of sabotage" (Shell, 2009, p.22). On average, 95% of spills (by volume) are attributed to sabotage (Shell, 2009). Shell further states that "most incidents involve people seeking access to payments and clean-up jobs" (Shell, 2005, p.27). However, the company admits that "compensation is only paid for operational spills" (Shell, 2005, p.27). There is a resource-allocation issue here at stake. Nigerians involved in remediating controllable oil spills are compensated for their work by Shell, and this compensation is considered an internal cost of production. In contrast, Shell does not have the responsibility to remediate uncontrollable spills. The following excerpts show the dominant words used when commenting on uncontrollable oil spills.

In Nigeria's Niger Delta, well organised armed gangs continued to steal crude oil (Shell, 2003, p.5).

Similar reporting is also documented in their 2004 sustainability report, in which Shell states:

The challenging operating environment that we experienced in 2003 continued in 2004. The organised theft of crude oil by armed gangs remains a major concern. In all, we recorded 71 crude oil theft incidents in 2004 (Shell, 2004, p.2).

In 2004, the government increased security patrols in the Delta to deal with inter-tribal violence and combat large-scale oil theft by international armed gangs (estimated at 40-60 thousand barrels per day). We helped the security services by alerting them to pipeline tapping and provided logistical support when asked (Shell, 2004, p.17).

Unfortunately, another 157 spills were caused by sabotage, mostly by communities seeking access payments and clean-up jobs. Meanwhile, we are talking to the communities about the dangers (Shell, 2004, p.16).

This last excerpt is consistent with disclosures on ‘controllable’ oil spills where Shell introduces ‘community’ into the discourse to present itself as a ‘responsive’, corporate citizen.

In 2005 the following is reported:

Sabotage remains the biggest cause of spills – nearly 95% of spill volumes in 2005 and the hardest to tackle. Most incidents involve people seeking access payments and clean-up jobs. We continued to improve our spill response, hiring local community surveillance teams and educating communities on the dangers of sabotage (Shell, 2005, p.27).

In December 2005, a major pipeline was blown up by members of an ethnic militia. As a result spill volumes from sabotage rose in 2005 (Shell, 2005, p.27).

But we did not meet our 2005 target because of higher spill volumes caused by hurricanes in the US Gulf of Mexico and sabotage in Nigeria. Spill volumes from sabotage in Nigeria rose despite an increase in community patrols and protection of vulnerable pipeline sections. This was because of one big incident, spilling 340 tonnes of oil, when a major pipeline was bombed by an ethnic militia (Shell, 2005, p.32).

Shell continues to cite sabotage as the main reason for oil spills, and the explanation for why they have not met their 2005 spill target.

Militants have sabotaged flow stations and pipelines and made it impossible for us to get to many of these facilities to repair the damage or do normal maintenance (Shell, 2006, p.32).

Our total spill volume rose in 2007 mainly because of a sharp rise in spills due to sabotage in Nigeria (up 80% by volume), where crude oil thefts and attacks by militants continued (Shell, 2007, p.20).

In 2007, 30 people (two employees and 28 contractors) lost their lives in confirmed incidents while working for Shell. Two lives were lost due to assaults and a third died as a result of a fire caused by criminals stealing oil from a pipeline (Shell, 2007, p.22).

These excerpts are consistent with previous years, reinforcing the terrible conflict between the company and the people and community, which resulted in the loss of two lives in 2007. These struggles between the company and ‘the other’ are further discussed in Chapter 7.

The excerpt below introduces new discourse, where sabotage is a bigger issue, and beyond the influence of the company. Shell states:

Nigeria’s challenges are familiar: widespread poverty; an ongoing battle with corruption and neglect; and the rise of organised crime and armed militias in the Niger Delta, fuelled by large-scale thefts of crude oil, that since early 2006 have made it unsafe to produce in large parts of the region (Shell, 2007, p.24).

The reporting on 2008 oil spills is similar to the portrayal in 2007 and 2006. Shell elaborates that:

In November, SPDC temporarily shut down the Soku gas plant to repair damage from fires and spills caused by criminal gangs stealing condensate from its pipelines (Shell, 2008, p.20).

Wherever SPDC has been forced to withdraw because of the current security situation, it has fully shut down the production facilities to limit spill damage if those sites are vandalised. Unfortunately spills caused by sabotage remained a serious problem, with their volumes rising again in 2008 for the fourth consecutive year (Shell, 2008, p.21).

It is more difficult to reduce spills caused by sabotage, hurricanes or other things we cannot control. About half the total volume spilled in 2008 was caused by one sabotage incident in Nigeria, where a large pipeline was

damaged by explosives. As a result of that incident, our spills from sabotage rose, pushing total spill volume higher (Shell, 2008, p.31).

Furthermore, when Shell articulates issues of safety, sabotage is blamed for the breaches. This is best illustrated in SSR (2008, p. 42):

In 2008, 26 people (two employees and 24 contractors) lost their lives working for Shell. Of these fatalities, nine happened on the road. A further 10 occurred in Nigeria, three of these as a result of security incidents and the rest in one tragic incident in which seven contractors died when repairing a pipeline after a sabotage incident.

Shell goes on to explain that in 2009 the volume of such spills for the SPDC-operated joint venture was almost 14,000 tonnes, accounting for 98% of the total SPDC spill volume during the year. This is repeated multiple times throughout the report; e.g. p.9 of the 2009 report states:

Sabotage in Nigeria was the largest cause of spills for Shell, accounting for nearly 14,000 tonnes (Shell, 2009, p.9).

This is then repeated on p.15:

Sabotage and theft in Nigeria is the largest single cause of spills for Shell. In 2009, the volume of oil spilled due to the sabotage of operations in Nigeria was nearly 14,000 tonnes (Shell, 2009, p.15).

On p.22 of the report Shell repeats similar discourse:

The great majority of oil spills in Nigeria are the result of sabotage or are caused when thieves drill into pipelines or damage wellhead equipment to steal oil and natural gas liquids. In 2009 the volume of such spills for the SPDC-operated joint venture was almost 14,000 tonnes, accounting for 98% of total SPDC spills volume during the year and significantly greater than sabotage and theft-related spills in 2008 (Shell, 2009, p.22).

Sabotage and theft-related spills in Nigeria increased significantly in 2009, with spill volume being dominated by two large spills. At the Odidi field, around 10,500 tonnes were spilled due to theft, and a spill of around 2,500 tonnes occurred due to sabotage at the Trans Escravos pipeline (Shell, 2009, p.36).

Nigeria, especially the Niger Delta, remains a very challenging place in which to operate. Security issues and sabotage are constant threats to our people, assets and the environment. But we are cautiously optimistic that conditions there are improving and that our initiatives to help community development and build on our partnerships with the government will produce good results (Shell, 2009, p.7).

Building on this, the rest of the 2009 report reinforces the ‘gangs’ and ‘thieves’ discourse. This is repeated in the following two excerpts:

In 2008, saboteurs spilled almost 48,000 barrels of oil in 140 incidents – on average one leak every two and a half days. About 40,000 barrels of this was the result of armed gangs blowing up pipelines with explosives in 10 separate incidents (Shell, 2009, p.22).

The great majority of oil spills in Nigeria are the result of sabotage or are caused when thieves drill into pipelines or damage wellhead equipment to steal oil and natural gas liquids (Shell, 2009, p.22).

Thieves or saboteurs spilled about 103,000 barrels from SPDC facilities in 95 incidents – an average of one spill every four days (Shell, 2009, p.15).

This excerpt shows the identification of the ‘other’ with a strong focus on thieves, criminals, gang members and saboteurs. This is consistent with other years, as illustrated in the following sections. In 2010 the emphasis in the discourse is again on criminal gangs and thieves.

Criminal gangs continue to steal oil from pipelines at an estimated rate of 100,000 barrels a day. Theft and illegal refining cause extensive environmental damage. Sabotage and theft together accounted for more than 80% of the spill volume from SPDC facilities in 2010 (Shell, 2010, p.18)

In recent years most spills from SPDC facilities have been caused by sabotage and theft (Shell, 2010, p.18)

In 2010, sabotage and theft in Nigeria remained a significant cause of spills, totalling 3.0 thousand tonnes (Shell, 2010, p.30).

Theft and illegal refining cause extensive environmental damage. Sabotage and theft together accounted for more than 80% of the spill volume from SPDC facilities in 2010 (Shell, 2010, p.18).

Crude oil theft and illegal refining are widespread in the mangrove swamps of the Niger Delta (Shell, 2010, p.19).

SPDC believes that until organised large-scale oil theft and illegal refining are stopped, there can be no lasting solution to the pollution of some areas of the Niger Delta (Shell, 2010, p.19).

Criminal gangs continue to steal oil from pipelines at an estimated rate of 100,000 barrels a day (Shell, 2010, p.19).

The following excerpts are from SPDC's annual reports. As SPDC is a joint venture between Shell and the Nigerian government (as discussed in Chapter 3), the public discourse produced by SPDC can be considered to be that of the government, as a major shareholder, and other oil companies. Consistent with Shell's sustainability reports, the SPDC text reinforces the notion that the majority of oil spills are caused by sabotage:

Sabotage remains a significant problem and accounted for 40 per cent of the incidents and 57 per cent of the volume of oil spilled (SPDC, 2000, p.37).

In 2002, 21.8 million barrels was deferred through sabotage, bringing to 39.4 million the total deferment resulting from community disturbances and sabotage (i.e. criminal damage to facilities for financial benefit). The company regrets these oil spill incidents and we continue to work with local authorities (SPDC, 2002, p.4).

Once again the above excerpts show there is a 'criminals' versus 'corporate citizen' dichotomy; it continues in the excerpts below, where Shell reports that only 3% of oil spills are the company's fault:

In 2003 sadly 141 (about two-thirds) of spills were caused by wilful damage to facilities (sabotage) that accounted for 68 per cent of the total volume of oil spilled (SPDC, 2003, p.8).

A reduction of 19 per cent was recorded in the total volume of oil spilled in 2004. Significantly, only three per cent of the volume of oil spilled in 2004 resulted from controllable incidents. The remaining 97 per cent was caused by wilful damage to facilities (sabotage). Oil spills resulting from sabotage continued to be a significant challenge in 2004 and a cause for concern (SPDC, 2004, p.16).

Criminals also used the cover of ethnic conflicts to undertake crude oil theft activities (SPDC, 2004, p. 2).

As we reported in 2003, we continued to explore measures against sabotage by integrating our oil spill response and remediation units in one department under one accountability group for more effectiveness. Also, we increased consultation and engagement of host communities to create greater awareness on the consequences of oil spills and the need for timely reporting of incidents (SPDC, 2004, p. 16).

The above excerpts again illustrate a positive image of Shell as being: responsive, managed, accountable and transparent, and as continuing to educate the ‘other’ who is causing the problem. The dichotomy of the ‘corporate citizen’ versus the ‘criminal’ continues in the following excerpts, where the text captures the audience’s attention through repeated statements that sabotage is the main cause and is synonymous with the uncontrollable oil spills. In the latter statements, Shell takes a dominant position, assuming that their ‘reader’ already knows the cause of the spills.

Sabotage accounted for 94 per cent of this volume – 8,064 barrels (1,090 tonnes) in 2004, increasing to 11,265 barrels (1,522 tonnes) in 2005. Oil spills resulting from sabotage continued to be a significant challenge and a cause for concern, especially as over half of these incidents (73) occurred along our major pipelines and manifolds (SPDC, 2005, p.15).

Although, more recently, sabotage has been carried out by armed militant groups, it is more usually motivated by the desire for economic gain on the part of some, though by no means all, in our host communities. The prospect of compensation payments (if the incident can be disguised as a controllable one), employment opportunities during the spill clean up and the attempted charging of “access fees” before people and equipment are allowed on site are all temptations for communities that feel that they have not benefited from nearby oil production (SPDC, 2005, p.16).

We remain concerned about the possible environmental damage from these oil spills and we share the frustration of our stakeholders that we cannot get access to clean them up (SPDC, 2006, p.7).

Attacks on facilities such as flow stations and pipelines led to oil spills in some of the affected areas and it was difficult for us to access these sites

during the crisis to repair the damage or carry out routine maintenance. We remain concerned about the possible environmental damage from these oil spills and we share the frustration of our stakeholders that we cannot get access to clean them up (SPDC, 2006, p.7).

However, due to the lack of access to fields in our western area of operation, we were unable to assess and clean up the spills in this area caused by militant group activities (SPDC, 2006, p.12).

Oil spills resulting from sabotage continued to be a challenge, with most incidents along our major pipelines and manifolds. Attacks by armed militant groups on some of our major pipelines and facilities in our western operations also led to spills. As in previous years, some communities denied access to spill sites, restricting our ability to respond and clean up spills in good time (SPDC, 2006, p.12).

These excerpts demonstrate that Shell's attempts to clean up oil spills is prevented by the 'other'. A similar discourse is repeated when attempts to quantify total oil spill volume has been thwarted, as in 2006, when:

[d]ue to lack of comprehensive documentary evidence and the security situation that greatly limited access to affected areas, we have not published our total spills volume estimate (SPDC, 2006, p.15).

As these excerpts demonstrate, Shell's and SPDC's corporate texts construct a particular version of uncontrollable oil spills. Fairclough (1993, p.64) argues that "discourse helps construct social relationships between people" and that "discourse contributes to the construction of systems of knowledge and beliefs". This is the case with this discourse on oil spills. The corporate texts essentially aim to construct such knowledge (van Dijk, 1993a). Strong and powerful language is used when reporting on uncontrollable oil spills: the words used in relation to sabotage include 'damage', 'thieves', 'gangsters', 'bombed' and 'ethnic militia'; all emphasise the 'other' as responsible for oil spills and thus reinforce the realm of the uncontrollable. The

discourses in use by Shell maintain that sabotage is the major cause of oil spills, and in its corporate disclosures sabotage becomes a dominant discourse. On the one hand, Shell collectively describes the citizens in the Nigerian oil communities as thieves, gangsters and criminals, without specific identification of individuals. On the other hand, Shell also tries to engage with communities, either by hiring them for pipeline security or conferring responsibility for oil spills to them. Shell even goes so far as to educate citizens on the impact of oil spills. The corporate disclosure assigns both problem and responsibility to the local Nigerian community. This ‘problematizing’ of Nigerian communities will be contested in the next chapter.

This stage of analysis presents dichotomous images from the public discourse regarding controllable and uncontrollable oil spills, as demonstrated through the shareholders’ letter, and sustainability and annual reports. There is a differentiation in the text regarding uncontrollable and controllable oil spills. At this stage these presentations of oil spills are partisan; however, as Chapter 7 demonstrates, these definitions or boundaries of responsibility are contested by other groups that produce a counter-narrative to Shell and SPDC’s portrayal of oil spills.

In the overall text analysis meaning is shaped by different entities involved in the discourse; one for the company reporting on ‘operational spills’ and one for the Nigerian community when reporting on ‘sabotage spills’. One is a positive description of the company and one is a negative description of the citizens of oil communities. This is an accountability discourse whereby Shell is ‘accountable’ for small number of operational oil spills but shifts accountability to the ‘other’ regarding the majority of the other incidents. Controllable spills are within a domain

of responsibility for Shell and SPDC, and therefore these companies are accountable; a notion not dissimilar to the control discourse so common in the accounting definitions of assets and liabilities. Uncontrollable oil spills are outside this domain of responsibility, as the 'other' is presented as responsible for these oil spills, and therefore accountable.

The discourse used by Shell and SPDC clearly illustrate that sabotage is the main reason cited for oil spills. Halliday (1978, p.109) points out that "text is a matter of 'choice'" as the author of a text selects what, how, and how much to tell in a text. In this case, Shell has selected a particular text to create their social reality about oil spills. Shell uses value-laden words that have no clear definition to justify their oil-spill disclosures in Nigeria and to distance the company from oil spills. Ferraro et al. (2005, p. 9) argues that "language affects what people see; how they see it, and the social categories and descriptors they use to interpret their reality". When reporting on operational spills, Shell is presented as in control of maintenance and remediation where possible, and an environmentally responsible company against seemingly overwhelming challenges from saboteurs. Shell creates an image of a company that is a victim of its host community's violence e.g. 'heavily armed and well organised groups', 'highly sophisticated crime' and 'militant violence'.

Despite some limited examples of operational spills, the dominant use of sabotage in the text indicates that the community is a constant threat to operations in Nigeria. This chapter presented the incidence of oil spills due to sabotage according to Shell's corporate disclosures. The next chapter will contest these disclosures by invoking the discourse by NGOs as a counter-narrative.

6.5 Summary

Accountability discourses involve identification and representation of phenomena that are within a sphere of responsibility. In this case, the phenomenon of oil spills is presented as either controllable (accountable) or uncontrollable (not accountable). This text analysis presented the words and meanings chosen for oil spills in three key public-discourse accountability documents by Shell and SPDC. The analysis of keywords in the selected texts reveals that a particular oil-spills discourse has emerged and has been reiterated over a 10-year period in Shell's corporate disclosures.

The disclosures clearly indicate that sabotage is the main reason Shell cites for its oil spills in Nigeria. There is a positive image of the company and a negative image of Nigerian community, and Shell has currency in their story, as it is their story. The sense of the 'other' is constructed as being criminal at worst, or, less harshly, as communities that need to take responsibility or be educated. This thesis argues that Shell, as a powerful corporate elite in Nigeria, has control in using and disseminating this discourse for public consumption in its corporate texts. The repetition of dominant words in the letter and the sustainability reports and annual reports, is not mere consistency but a way of perpetuating Shell's social construction of the meaning of oil spills. The discursive representation of oil spills in all three public documents reinforced Shell as a responsible corporate citizen, thereby shifting responsibility away from Shell. The interrogation of text at a micro-level exposes the

domination or privileging of certain interests. However, one cannot ignore the counter-narratives. These are explored in Chapter 7, which presents the second level, ‘discursive practice’, and reveals how language is used and abused in the exercise of elite power in a “grossly unequal world where the poor and oppressed are subject to discrimination and exploitation” (Widdowson, 1998, p.136).

CHAPTER 7: DISCOURSE AS DISCURSIVE PRACTICE

7.1 Introduction

The previous chapter applied the first level of CDA, analysing discourse as ‘text’, and identified the vocabulary and nuances of keywords used by Shell to describe or refer to oil spills. The main differences in the text were: controllable oil spills, which were a small proportion of total spills; and, uncontrollable oil spills which were a large proportion. However, Chapter 6 only focussed on disclosures according to Shell. This chapter focuses on the discursive-practice level, and analysing discourse in terms of the processes by which text is produced, distributed and consumed (Fairclough, 1992). This involves incorporating a broader view of the texts and how they are used, and includes how text is consumed by those who did not construct it. This chapter introduces interpretations that contest Shell’s construction of oil spills. This alternative interpretation is presented as a counter-narrative predominantly from NGOs. In this thesis this process of ‘text’ as a discursive practice is evaluated as a contested terrain between the corporate elite - in this case, Shell - and the NGOs.

The main actors identified in discursive practice for the purposes of this thesis are:

1. Shell, as the MNC parent entity and the primary producer of discourse in its corporate narrative disclosures.
2. The Nigerian government, as a major shareholder in the joint venture operated by SPDC and as the governing authority in the country.
3. NGOs that have challenged Shell’s operations and oil-spill disclosures in Nigeria for the period under investigation.

Since the aim of this level of analysis is to demonstrate how discursive practices enable elite discourse, these key players are identified due to their complex direct and indirect relationship with the issue of oil spills in Nigeria. Shell's narrative disclosure provides a partisan view of oil-spill events, and is articulated in different types of 'texts'; those examined in this study are the response letter to shareholders, Shell's sustainability reports and SPDC's annual reports. This highlights the different meanings of oil spills that have been mediated through disclosures that enable the corporate elite, Shell, to have a dominant voice. The text analysis highlighted that the dominant voice facilitated a sense of blame towards the 'other' for oil spills. This 'other' has been identified in Chapter 2 as Nigeria's oil communities living in areas where SPDC's production takes place. This discourse is, however, contested by counter-narratives; the voices of a number of NGOs are presented as discourse practice.

This chapter focuses on alternative discourses of oil spills with respect to counter-narratives presented by various NGOs. It begins by interrogating the intertextuality features of the text by investigating how discourse is produced. By disclosing oil spills, Shell and SPDC (through the letter, and the sustainability and annual reports) produced a discursive representation of oil-spill events. The analysis in Chapter 6 demonstrates the consistency in the texts examined. For analytical purposes, the production and distribution of discourse is combined, as it is difficult to segregate or untangle. Similarly, CDA offers levels of analysis, but these should not be considered as distinct, but somewhat overlapping.

In analysing the consumption of discourse, 'cognisance is given to the situation: it is just not text that shapes interpretation, but also other contextual factors' (Gallhofer et

al. 2001, p.128). In this thesis this is the counter-narrative produced by other key players – specifically, selected NGOs - and completes the process of how discourse is produced, distributed and consumed (Fairclough, 1992) using public documents. The following section discusses the discursive practice and uncontrollable and controllable oil spills. The counter-narrative and the implications and insights from elite theory conclude the chapter.

7.2 Discursive practice and uncontrollable oil spills

Textual analysis (Chapter 6) highlighted that sabotage discourse ‘stands out’ in the overall communication of Shell’s and SPDC’s oil-spill narrative disclosures. There is consistency in the discourse in the selected texts, and this ‘sabotage’ discourse flows through all the public documents analysed. Textual analysis also demonstrates that the ‘sabotage’ discourse is given priority within each text under investigation for the period 2000-2010. With the sophisticated language employed from year to year, Shell continues a repetitive commentary of sabotage through all these public documents and the company’s ‘facts’ and story on oil spills. Van Dijk (1993, p.255) points out that:

[effective] power is mostly cognitive, and enacted by persuasion, dissimulation or manipulation, among other strategic ways to *change the mind of others in ones own interests* [emphasis in original].

The intention of using accusative language associated with the idea of sabotage presents to wider audiences the rhetoric of Shell’s ‘view’ of oil spills. However, as the counter-narrative reveals, Shell does not merely describe the world, but rather, advocates a social reality through corporate texts that present an account of responsibility towards the ‘other’. The counter-narrative (Section 7.4) further

demonstrates the nuances and subtleties that are ‘hidden’ in the selected text, and reveals Shell as an elite that exhibits power in the discourse which is produced. This is clearly evident in the language chosen when reporting on sabotage oil spills. Van Dijk (1993, p.258) argues that:

[c]ontrol of knowledge crucially shapes our interpretation of the world, as well as our discourse and other actions.

This thesis, in using annual reports, recognises and confirms their importance. As Gray et al. (1995, p.82) argue, “ the annual report not only is a statutory document, produced regularly, but it also represents what is probably the most important document in terms of the organization’s construction of its own social imagery”. Moreover, annual reports are seen as corporate communication, with “strategic choices regarding rhetoric and rhetorical arguments” (Vaara and Tienari, 2002, in Laine, 2009, p.1034). Shell has mastered prevaricating language and corporate communications as a rhetorical accountability device, while at the same time distancing itself from its responsibility for oil spills in Nigeria. As the textual analysis demonstrated, the producers of discourse, Shell and SPDC (and indirectly the Nigerian government), blame the ‘other’ for the oil-spill disasters. Shell portrays the Nigerian people as its ‘rival’ and, through dominant discourses employed, simultaneously protects its corporate image.

The descriptive words used in relation to sabotage, such as ‘damage’, ‘thieves’, ‘gangsters’, ‘bombed’ and ‘ethnic militia’, all appeal to a position of blame towards someone else for oil spills. The intertextuality in the consistent use of these terms in all the texts examined is an important aspect of the production, transmission and reception of discourses. These words as a feature of discourse are the means of symbolic reproduction of the dominance of Shell over the ‘image’ and ‘reality’ of oil

spills. Shell thus distinguishes its power by presenting itself as a ‘victim’ to ‘gangsters’ and ‘other militia’.

This thesis argues that Shell uses discourse to sustain sabotage arguments and to influence the consumption of its corporate narrative disclosures through production techniques and distribution. That is, Shell’s corporate lexicalisation multiplies the signals of corporate power, its elite position in Nigeria and its persuasive strategies to influence a secondary audience: the users of corporate texts. Van Dijk (1993a, p.260) suggests that:

[i]n production of discourse, notably when addressed to members of dominated groups, this will be most often the case through the direct enactment of power abuse. In discourse understanding and reproduction by the (dominant) audience itself, therefore, we will generally expect the discourse to focus on the persuasive marginalization of the other by manipulation of event models and the generalized negative attitudes derived from them.

The intention of the language of sabotage is to persuade the public of the serious threats and challenges oil spills have brought to Shell. It appears that the rationale behind such text is to capture the public’s attention by repeatedly stating that sabotage is the main and ultimate cause of oil spills. This is consistent with Fairclough’s (1993, p.64) view that “discourse is a practice not just of representing the world, but of signifying the world, constituting and constructing the world in meaning”. Additionally, Foucault (1981) suggests that discourses that are repeatedly commented on over a period of time are the ones most likely to be considered valid and worthy of recognition. Therefore, Shell’s considered and consistent use of ‘sabotage’ becomes more than a descriptor, but a discourse and rhetorical device. The texts portray a ‘victimised’ company whose operations are not the main cause of oil spills in Nigeria. Primarily, there exists a discourse of victimisation juxtaposed

with the 'we are responsible' line. With the sophisticated language in use one can easily be convinced by Shell's portrayal of oil spill events.

At this level of analysis, it is important to consider the consistency of Shell's discourse in terms of its power and access to resources to control discourse production. This is consistent with Saint (2010, p.16) who argues that:

[w]ith an army of researchers, lobbyists and PR companies at their disposal, corporations have been able to shape both popular and political opinion on the environment.

The application of elite theory then is useful to shed light on this relationship and the power held by Shell. Van Dijk (1993a, p.264) suggests that:

[o]ne of the ways to discredit powerless groups, for instance, is to pay extensive attention to their alleged threat to the interests and privileges of the dominant group. Such a strategy is conducive to the formation of models that feature such well-known propositions as we are the real victims.

This thesis argues that the discourse of SPDC is also the discourse of the Nigerian government, a 55% shareholder. Okonta and Douglas (2003, p.58) argue that:

Shell has done very well for itself in a Nigeria repressed, brutalized, and looted in turns by successive military dictators. To outsiders, the company projects the image of the neutrality in the quicksand of Nigerian politics, a wise and benevolent patriarch towering above the chaos and corruption that government and public life has become in Nigeria since the civil war. The reality, however, is that the multinational has quietly and unobtrusively worked its way to the epicenter of power over the years.

The assumptions of elite theory are consistent with the arguments of Okonta and Douglas (2003) but not always evident in financial accounting disclosures. This thesis demonstrates through a CDA analysis how such assumptions are, in this case, evident in both accounting and corporate narrative disclosures.

At the level of reception, albeit from an unspecified public, Shell and SPDC are the main producers of the text, and therefore have an epistemological claim to the ‘truth’ about oil spills. On the other hand, those characterised as the ‘other’ are affected by the oil spills and are powerless and without a direct voice in how they are viewed and represented in the narrative public disclosures.

The sabotage that does occur, as noted by Amnesty International (2009), may be an attempt by the powerless to assert their presence and power. However, given the power Shell has in Nigeria, the oppressed and powerless group in this case is given very little choice. This discursive production, or reproduction, of power results from social cognitions of the powerful. This is further explored in Chapter 8.

This section has examined what the discursive participants have said about oil spills, and more importantly, the intertextuality – the sense in which text responds to previous texts. This section examined Shell and SPDC and how they have influenced the perception of oil spills. The next section shifts the focus and examines discursive practice when commenting on operational oil spills.

7.3 Discursive practice and controllable oil spills

The textual analysis (Chapter 6) demonstrated that when reporting on operational oil spills, Shell and SPDC construct a particular image of a responsible company. Words such as ‘we continue’, ‘we reduced’, ‘we cleaned’, ‘we helped’ and so on flow through the public documents used in the analysis and suggest that Shell is taking responsible action and control of their operational spills. This lexicon implies

‘ongoing’, ‘proactive’ and ‘successful’ action on behalf of the company in their management of oil spills. Jørgensen and Phillips (2002, p.84) argue that such words constitute a “promotional discourse, and consequently, their construction of identity, which are dominant”. In relation to annual reports, for example, Bhatia et al. (2008, p.168) argue:

In recent years, the function of corporate annual disclosure documents, as many other corporate genres, seems to have undergone a gradual shift from informing and reporting to increasingly promoting the companies to their audiences, by mystifying corporate weaknesses through a subtle bending of socially accepted communicative norms of corporate disclosure genres.

This promotional discourse is evident in Shell’s narrative disclosures, wherein Shell is personified and defined through this discourse as a ‘good’ participant. This identity of being ‘good’ is reinforced through the nominalisations of ‘responsible, ‘caring’ and ‘accountable’ (Jørgensen and Phillips, 2002). The language used emphasises that Shell has explicit consideration for the natural environment in which it operates; these considerations are further highlighted by the strong emphasis on argumentative markers such as ‘we must’, ‘we will’ and ‘we have’, as illustrated through examples in textual analysis and Figure 6.3. Okonta and Douglas (2003, p.63) argue that:

Shell has been described as a major polluter of the environment on the one hand, and a busy propagator and purveyor of technical fixes for its transgression on the other. It is therefore not easy to penetrate the elaborate ‘environmentally friendly’ facade erected by the company’s green lobbyists and spin doctors to the ogre that is polluting and despoiling the world’s fragile ecosystems.

Based on the analysis in this thesis Shell presents itself as a corporation that ‘continues’, that ‘will’ and ‘must’, be better in the future because of the company’s previous faults. For example, in its 2002 SR, Shell states:

When you lose trust, you need to admit it, learn from your mistakes and take positive action to rectify the situation (Shell, 2002, p. 27)

In relation to operational oil spills, Shell presents in its sustainability reports an image of a company focussed on cleaning up oil spills and taking responsibility for the operational spills in the future. However, Okonta and Douglas (2003, p.44) argue quite the opposite:

Shell employs a sophisticated array of damage-control experts, scenario planners, lobbyists, and spin doctors to present the image of caring, thoughtful, and socially responsible company to the outside world. Long before the issue of the environment became a topic of national discourse in Europe and the United States, and multinational oil firms were forced to adopt to veneer of environmentally friendly companies, Shell had elevated the concept of selling itself to the powerful conservationist lobby into an art form devoting a considerable chunk of its budget to this effort over the years.

Van Dijk (1993a, p.259) indicates that “dominant discourses (indirectly) influence socially shared knowledge, attitudes and ideologies”. For example, Shell’s 2008 sustainability report states:

Since 1997, we have been reducing the amount of spills from our operations that occur for reasons we can control. We have done so through clear procedures, consistent compliance and a lot of hard work. However spill volumes from sabotage rose sharply in 2008 due to one sabotage incident in Nigeria, pushing up our total volume (Shell, 2008, p. 41).

Van Dijk (1993a, p.259) further suggests that if “powerful speakers or groups enact or otherwise exhibit their power in discourse, we need to know exactly how this is done”. This thesis builds on the contribution by Okonta and Douglas (2003) by explicitly showing, through elite theory, how accounting mediates elite discourse. Corporate disclosures help Shell create this image as discussed by Okonta and Douglas (2003). This thesis demonstrates that Shell, as an elite in Nigeria, uses corporate text as a means to produce dominant discourse. Shell does not merely describe the world as it is, but rather advocates its social reality through several media: annual and sustainability reports and communications to major shareholders.

Shell shapes the discourse directly, and has the indirect support of the government in this practice. Discourse practice is

one way of enacting power is to control context. Thus, doctors make 'appointments' with patients, professors with students, or tax auditors with tax-payers, and thereby decide about place and time, and possible other participants (Van Dijk, 1993a, p.260).

For the purpose of elite theory, Shell's power and dominance is indicated by the company's control over access to and production of discourse (van Dijk, 1993a). In addition, Shell uses its political power and influence to construct a favourable 'reality' of minimal controllable oil spills in their corporate narrative disclosures, and is indirectly sanctioned by the Nigerian government through their joint venture, operated by SPDC.

7.4 Counter-narrative: an alternative view of Shell's oil spills

This section presents a counter-narrative and, in this context, an alternative discourse from NGOs about Shell's oil spills and oil-spill disclosures. The counter-narrative exposes Shell's reporting practices of uncontrollable oil spills, i.e. 'alleged sabotage', and controllable, i.e. operational, spills. This counter-narrative is based on reports from following NGOs:

- Friends of the Earth International (FoE)
- Christian Aid International Development Charity
- Amnesty International (AI)
- Media reports from AI and FoE

This group of NGOs publishes explicit reports on Shell's operations and oil-spill performance in Nigeria. In other words, they produce reports that challenge Shell's

oil-spill disclosures. A list of the reports used to support the counter-narrative is presented in Table 2 of Appendix 3.

Over the years NGO research and evidence from several Nigerian court cases have revealed that Shell has sometimes used false claims of sabotage to escape liability for environmental damages (Frynas, 1999, 2000; Steiner, 2010). There is about 500 oil-spill cases that have been filed against SPDC in Nigerian courts (Nwachukwu, 2011), and Shell appears to rely very much on claims of sabotage to defend itself. Frynas (2000, p.161) states that “of all the oil companies in Nigeria, the best evidence of false claims of sabotage is available on Shell, as with a successful claim of sabotage, the company could save up to \$350,000 in a single lawsuit”. This is further supported by Steiner (2010) who in recent times challenged these sabotage claims, stating:

Oil companies operating in the Niger Delta, in particular Shell, blame most of the oil spills on **sabotage** and **illegal bunkering (theft)** by local community members. It is in the company’s perceived financial interest to allege such, as they feel this releases them from legal responsibility to clean up spills or compensate the local communities (Steiner, 2010, p.6) [emphasis added].

A more recent media report from AI (2013, n.p) on sabotage stated:

Claims by Shell that sabotage is responsible for most oil spilt in Nigeria have come under fire. A Dutch agency found that the oil giant’s statements were based on disputed evidence and flawed investigations.

The report further states that:

Sabotage is a problem in Nigeria, but Shell exaggerates this issue to avoid criticism for its failure to prevent oil spills, said Audrey Gaughran of Amnesty International.

The oil companies are liable to pay compensation when spills are found to be their fault but not if the cause is attributed to sabotage – but it is effectively the company that investigates itself. This is clearly a system open to abuse and we have evidence that it has been abused. Over the last decade, Shell has

claimed that most of the oil spilt in the Niger Delta is due to sabotage of its pipelines on the basis of a system that includes publicly contested data and relies almost exclusively on information provided by the company itself.

The alleged sabotage cases have not been verified by any independent bodies. Moreover, some of Shell's statements on the percentage of oil spilt due to sabotage are contradictory.

The NCP acknowledged that the oil spill investigation process in Nigeria relies heavily on the expertise of the oil companies themselves and that, as the UN Environment Programme found in 2011, "government agencies are at the mercy of the oil companies when it comes to conducting site inspections." The NCP stated that "[Royal Dutch Shell] management should have had a more cautious attitude about the percentage of oil spills caused by sabotage" and that "after all JIT (Joint Investigation Team) data are not absolute". The NCP called on Shell to "be prudent with regard to general communication to stakeholders of very detailed figures on oil spills, when discrepancies exist with regard to the causes or amounts of those oil spills" and also to "share information on relevant spill causes and spill cause determination procedures, also dated before January 2011.

Over the years, many critics have argued that if the number or volume of oil spills in Nigeria occurred in Shell's countries of origin it would be a different story. Christian Aid Development Charity (2004) found contrasting evidence to Shell's claims about oil spills:

Christian Aid has found evidence that Shell's clean-up of oil spills and repair of pipelines in Nigeria is scandalously inadequate and would never be tolerated in Europe or North America. Oil spills, made inevitable by a network of ageing pipes, many of which are still routed above ground, are left for weeks, sometimes months, without being cleaned up. Oil is carried downstream, visiting a deadly black plague on communities miles away from the original spillage. This makes a nonsense of Shell's claims of 'integrity and respect for people', and its 'commitment to support human rights and to contribute to sustainable development' in Nigeria (Christian Aid Development Charity, 2004, p.29).

Evidence by AI (2009) suggests that equipment and operational failures are sometimes wrongly designated as sabotage. Court actions in Nigeria such as *Shell v*

*Isaiah (1997)*²⁹ have reached similar conclusions. In this case, the plaintiffs went to court seeking “compensation because, during a repair operation on a Shell pipe which was dented when a tree fell on it, oil leaked on to farmland and into fishponds. Shell claimed the leak was caused by sabotage” (AI, 2009, p.17). The Appeal Court stated:

The issue of sabotage raised by the defendant is neither here nor there. I am, having regard to the facts and circumstances of this case, convinced that the defence of sabotage was an afterthought. The three defence witnesses were agreed on one thing, that is that an old tree fell on and dented the Shell pipe... How could this have metamorphosed into an act of cutting the pipe by an unknown person? What is more, there is no evidence whatsoever in proof that the pipeline was ‘cut by hacksaw’ (Shell v Isaiah, 1997 in AI, 2009, p.17).

Sabotage of pipelines, to either steal crude oil or demand compensation payments, causes some spills. However, Shell’s management and communities affected by spills are constantly in disagreements over their cause (Christian Aid Development Charity, 2004). As such the above example indicates that the Nigerian courts do not simply accept sabotage as a claim.

Steiner (2010) for example argues that Shell’s pipe-maintenance standards in Nigeria are insufficient compared to standards Shell follows elsewhere. In Nigeria Shell’s spills and gas flaring are also seen as “a major human rights and environmental tragedy” (FoE, 2010, n.p.). A recent report by the United Nations (UN) in 2011 has placed Nigeria as one of the most vulnerable oil spill areas in the world. However, the report brought a great deal of controversy as it was financially supported by Shell, SPDC and other partners in the joint venture. An FoE (2010, n.p.) representative stated:

²⁹ Even though this case is not within the period of analysis in this thesis, it does illustrate contested views.

Friends of the Earth International is outraged by reports that a major UN investigation into Nigeria oil spills funded by oil giant Shell relies more on figures produced by oil companies and Nigerian state statistics than on community testimony and organizations on the ground who work with communities. Shell oil spills and gas flaring in Nigeria are a major human rights and environmental tragedy.

It is interesting to note the reliance on 'hard' evidence such as 'figures and state statistics'. In terms of production and consumption, this genre of evidence, as found in the sustainability and annual reports examined here, is considered elite discourse.

AI (2009, pp.31-32) further notes that:

Numerous reports, including the UNDP Niger Delta Human Development Report (2006), acknowledge the problem of vandalism and sabotage of oil pipelines. The problem was also acknowledged in interviews with a range of stakeholders in the Niger Delta, including NGOs, communities, government representatives and companies. However, in almost all cases (with the exception of the companies), the lack of independent means of verification of the facts was also acknowledged, as was the fact that some spills have been designated sabotage but later found to be due to company failures.

Nnimmo Bassey, chair of Friends the Earth International and director of Environmental Rights Action in Nigeria said:

We monitor spills regularly and our observations often contradict information produced by oil companies and Nigerian regulatory agencies. If the UNEP team would ask community monitors it would avoid falling into the trap of spinning Shell's figures. The UN assessment is being paid for by Shell so we are not surprised that it tells Shell's version of the facts. But the reality is that several studies have placed the bulk of the blame for oil spills in the Niger Delta on the doorsteps of the oil companies; particularly Shell (FoE, 2010, n.p.).

Furthermore, Geert Ritsema from Friends of the Earth Netherlands Milieudefensie, added:

UNEP should base its findings mostly on independent sources rather than on information from the oil companies responsible for the massive oil pollution in Nigeria. Last week UNEP team head Mike Cowing repeated Shell's lies that only ten percent of oil pollution in Ogoniland was caused by equipment failures and company negligence and 90% by locals stealing oil. Yet he

himself earlier stated that Shell's large scale oil pollution and performance in Ogoniland was 'unacceptable'. These figures are not even consistent with some Shell official reports which admit that 45% of all leakages from Shell facilities between 1998 and 2007 were due to poor maintenance of oil installations (FoE, 2010, n.p.).

The following excerpts from Amnesty International (2009) relate to further views on Shell's alleged sabotage disclosure:

Today companies increasingly maintain that the majority of oil spills are caused by sabotage and not by their poor infrastructure or operational problems. Communities, and many NGOs, strongly disagree over the number of spills that are attributed to sabotage, and accuse companies of designating controllable spills as sabotage in order to avoid liability for compensation (AI, 2009, p.15).

The designation of the cause of oil pollution as sabotage is heavily dependent on the oil companies' own assessment (AI, 2009, p.54).

While sabotage is clearly an issue, SPDC appears to have considerable control over how spills causes are designated and Amnesty International found evidence of poor practice in the process of attributing causality (AI, 2009, p.81).

The above excerpts are important. The extent and frequency of oil spills attributed to sabotage are contested, as is the 'evidence'. This indicates that two parallel discourse practices persist: the disclosures by the MNC and those by NGOs. This demonstrates how global corporations produce elite discourse. NGOs have challenged not only the company, but the government as well, for its participation in the joint venture. FoE (2002a, p.25) notes that:

In Nigeria oppressive political climate and Shell's collusion with the government and the military protection afforded the oil industry to have had murderous results for those who resist.

This statement by FoE (2002a) offers a hint as to why exploring Shell's elite status in Nigeria is important, as it raises the complicity of the government in constructing a perspective on oil spills not shared by NGOs. The role of the Nigerian courts will be

reconsidered in terms of legislation analysed in social practice in Chapter 8. The following excerpts illustrate this argument:

While there is no one underlying explanation for the complex conflict situation in the oil producing states of the Niger Delta, the actions of armed groups and communities – while important to acknowledge should not be used by oil companies and the government to deflect attention away from their own failures and poor practice (AI, 2009, p.81).

Most recently, AI (2012) said their investigations into Shell oil spills in Nigeria ‘were a fiasco’, alleging that the company repeatedly blamed sabotage in an effort to avoid responsibility. Audrey Gaughran, director of global issues at AI, said in a statement that

[t]here is more investment in public relations messaging than in facing up to the fact that much of the oil infrastructure is old, poorly maintained and prone to leaks – some of them devastating in terms of their human rights impact (AI, 2012, n.p.).

She continued:

No matter what evidence is presented to Shell about oil spills, they constantly hide behind the ‘sabotage’ excuse and dodge their responsibility for massive pollution that is due to their failure to properly maintain their infrastructure and make it safe, and to properly clean up oil spills (AI, 2012, n.p.).

This is consistent with Shell not engaging with NGOs or their counter-narratives. As an elite Shell is able to contain and construct the discourse practice that sustains its views.

Thousands of oil spills have occurred in the Niger Delta since the oil industry began operations in the late 1950s. Corrosion of the pipes and equipment failure were responsible for the majority of spills. In recent years sabotage, vandalism and theft of oil have also contributed to pollution. However, corrosion and equipment failure remain very serious problems which have never been addressed. Oil companies are responsible for ensuring that, as far as possible, their equipment is not vulnerable to tampering. However, Shell has not responded to request for information on any measures it has taken to prevent sabotage and vandalism (AI, 2012, n.p.).

Shell's lack of response is another way in which it chooses its terms of engagement. In this way, its discourse practice does not acknowledge the counter-narrative produced by NGOs. AI asked the US company Accufacts, which has many years' experience in examining oil infrastructure, to examine photographs of the pipes after one of the Shell's oil spills in Nigeria. They stated:

This is apparently due to external corrosion. Notice the layered loss of metal on the outside of the pipe around the stick from pipe wall loss (thinning) due to external corrosion. It is a very familiar pattern that we have seen many times on other pipelines (AI, 2012, n.p.).

AI (2012, n.p.) further states that:

Shell have said locally that the spill looks like sabotage, and they completely ignore the evidence of corrosion. This has generated a lot of confusion and some anger in the community, said Stevyn Obodoekwe, Director of Programmes at CEHRD.

By ignoring the counter-evidence of corrosion, Shell maintains control of its discourse and its discourse practice. Stevyn Obodoekwe, Director of Programmes at Centre for Environment, Human Rights and Development (CEHRD), further states:

We have seen the pipe and brought an expert to look at it, and it seems pretty clear it is corroded. Years of bad practice with regard to oil spill investigations have left communities highly distrustful of the process and outcomes. Shell has never addressed evidence of bad practice in the oil spill investigation process. Spills can be attributed to sabotage when they are in fact due to corrosion and Shell knows this has occurred in the past (AI, 2012, n.p.).

In contrast to sabotage oil spills, Steiner (2010, p.30) states that:

Controllable oil spills show no decline and Shell in Nigeria uses the terms 'operational' or 'controllable' for oil spills that are within its 'control to prevent' (non-sabotage) and due to 'failure of equipment, corrosion or human error'. Compared to the period 1989-1994, the period 1998-2007 reflected no decline in the volume and amount of controllable oil spills by Shell Nigeria.

FoE (2002b, p.12) also challenges Shell for poor environmental performance in Nigeria and suggests:

It is time Shell took responsibility for being the major oil company for more than 40 years in one of the most heavily polluted parts of Africa, if not the planet.

This challenge to Shell's accountability is not acknowledged by Shell, nor do the counter-narratives produced by NGOs enter the discourse perpetuated by Shell. Shell's discourse practice, on the other hand, uses intertextuality as not just a repetition but implicit support for the joint venture and the Nigerian government and vice versa. This relationship is discussed further in Chapter 8.

A spokesman for SPDC said:

SPDC is committed to cleaning up all spills, no matter what the cause, from its facilities. The real tragedy of the Niger delta is the widespread and continual criminal activity, including sabotage, theft and illegal refining, that leads to the vast majority of oil being spilled. It is this criminality which blights the Niger delta and which all organisations with an interest in Nigeria's future should focus their efforts on highlighting and dealing with (Vidal, 2012, n.p.).

FoE (2002b, p.5) further asserts that, Shell responds to problems on the ground oil spills in Norco, Louisiana; however, they do so in Nigeria only when the company's practices are brought to public attention. This underscores the importance of disclosures and counter-narratives, and also the social-practice level of analysis, which is presented in Chapter 8. In its defence, Shell in its 2000 sustainability report (2000, p.48) states that "for some data, such as spills, volumes have to be estimated", in accordance with Nigeria's regulatory requirements. However, as will become evident in Chapter 8, the regulated and the regulator are implicated in a fiduciary relationship through the joint-venture arrangement. Human Rights Watch (2010) believes that the oil industry in the Niger Delta may be publishing statistics that show 'spill damage at one-tenth of its actual level'.

The counter-narratives demonstrates a significant difference between Shell's view of sabotage and the NGOs. Both Shell and the NGOs have their own rhetoric of and perspective on the phenomena of oil spills, and these alternative views further expose nuances and subtleties that are hidden in the selected text. There is a conflict between these two views: Shell is a supporter of the sabotage discourse and the NGOs are opponents, as demonstrated above by the different connotative meanings assigned to keywords in the debate. According to Gallhofer et al. (2001, p.136) "the credibility of argumentation is influenced by discourse practice - for example, the mode of argument of those engaged in the debate, including the ways in which they attempt to substantiate those arguments, an aspect of text production". For Shell, the production, distribution and consumption of texts are through its accountability discourses of mandatory annual reports and voluntary sustainability reports, which substantiate its claims of uncontrollable and controllable oil spills. For the NGOs, production, distribution and consumption is through counter-narrative disclosures that directly challenge Shell's claims.

In summary, this particular section has demonstrated the discursive struggle over oil spills between Shell and NGOs. As Christian Aid (2009) argues, counter-accounts play an important role in shaping the perceptions and dialogue around accountability and human rights. Buhr and Reiter (2006, p.9) argue:

For a corporation to secure a space in the market for green images, it is necessary to adopt the preferred language and terminology. The process in obtaining this space and a green image may enable an interest to capture the agenda or more likely some part of the agenda. At the same time, though, other views may well have an influence in the marketplace.

This appears to be the case of Shell in Nigeria, although this view is challenged in the counter-narratives by the alternative corporate 'image' presented.

7.5 Elite discourse and its implications for accountability

The above analysis of discourse practices demonstrates how Shell draws ‘oil spills’ into its corporate narrative disclosures. Shell’s corporate documents present a specific rhetoric to incorporate elements of blame and shift the responsibility for oil spills. Textual analysis demonstrated that the content of oil-spill disclosures is generally accusative: even when reporting on ‘operational’ spills, the company commonly refers back to sabotage to remind the consumer of the text that sabotage still plays a role. Strong and authoritative words are used when reporting on oil spills due to sabotage, and biased and value-laden words when reporting on operational spills. When reporting on ‘operational spills’, the company presents itself in a certain way as a ‘victim’ of sabotage. On the other hand, when disclosing ‘sabotage’ spills in the discourse, the company presents the Nigerian local oil communities in a different light.

Shell’s powerful position raises the issue of the relationship between transparency and accountability. The potential role of accounting information is to ensure accountability. In addition, Shell’s story has a currency and represents a partisan view, given that its corporate discourse has authoritative backing from International Accounting Standards Board (IASB) and accounting standards. However, this does not necessarily mean that by providing transparency in the form of disclosures of its oil spills in Nigeria, Shell is holding itself accountable. These two notions are interrelated, and there is a somewhat naive assumption that if one provides information, one immediately becomes accountable to the ‘other’.

This thesis explicitly demonstrates how a powerful position can switch the roles of who is accountable to whom. Roberts (2009) is critical of this notion of transparency as a form of accountability, and argues that:

[t]ransparency and face-to-face accountability always coexist and it is all too possible for the subjective effects of transparency to invade the scene of intelligent accountability such that it too becomes a self-defensive or aggressive space full of self-blame and/or attempts to displace blame onto others (Roberts, 2009, p.966).

It is evident in Shell's discourse production that transparency involves the displacement of blame onto others, and that this limited accountability and displacement of accountability is enabled by the relationship between the regulator and regulated. Therefore, intertextuality, as part of discourse practice, has the effect of distancing the uncontrollable oil spills not only from Shell but also from the government. The conflation of uncontrollable oil spills with sabotage and its attribution to criminals (Figure 6.4) is also significant. It is not just Shell (in its letter and sustainability reports), but Shell through SPDC, and thus, indirectly, the Nigerian government, that is replicating and distributing this discourse.

The discourse of the 'powerful' is created through Shell's disclosures of operational spills and a discourse of the oppressed and 'powerless' is created through reporting on alleged sabotage spills. There is a representation of 'us' and 'them' evident in the documents. Van Dijk (1993a, p.264) argues that in such instances "we need to examine in more detail which discourse structures are conducive to such processes". In the textual analysis, this is simply seen through semantic content (van Dijk, 1993a). In other words, the processes are expressed in statements that directly entail negative evaluations of 'them', Nigerian communities, and positive ones of 'us', Shell. A 'we are good – you are bad' dichotomy exists, and this preferred ideological

stance is evident throughout the texts used in the analysis in this study. Shell's choice of words implies negative (or positive) evaluations of this dichotomy, as illustrated in the keyword analysis. This contributes to the creation of inequality between the two groups identified in the discourse. As van Dijk (1993a, p.151) argues, "because they do not have active control over public elite discourse, ordinary people often have no more 'to say' or 'to do' against the Others than talking negatively to Them, and about Them". This is evident in Shell's narrative disclosures, where the 'other' is constructed in criminal terms. Further, any counter-narratives by NGOs are not acknowledged in Shell's public accountability discourses examined in this thesis. This disengagement is possible because of its status as a corporate elite. NGOs cannot compel Shell to respond. The closest one may get to a response is Shell's letter addressing shareholders' concerns. Once again this response to questions raised does not acknowledge any counter-narratives or other evidence, or any other discourse. Shell contained and controlled the discourse and the discursive practice using the texts examined.

Shell employs positive discourse about itself to delineate the company's responsibility towards oil spills. Ezzamel et al. (2007, p.673) argues that:

[s]ites of discourse (geographical locations, issues debated, and media through which discourse is disseminated) are not the outcome of random choice but, we contend, are carefully selected by those who produce and circulate discourse in order to produce maximum effects.

When an MNC, such as Shell, produces corporate documents to share with the public, it presents information about itself and its actions. In other words, "[corporations] select a style of writing partly on the basis of the image they thereby construct for themselves" (Fairclough, 1995, p.75). As identified in textual analysis,

Shell and SPDC are presented in a certain way, and the ‘other’ is a secondary character that represents the primary metaphor of ‘dangerous criminal’.

This metaphor of the ‘other’ raises important questions, such as what it means to be a criminal in a literal sense. Criminals can be ‘soft’, such as a fraudster, not dangerous or life-threatening in an explicit way, but these criminals that Shell constructs are ‘militia’ and ‘gangsters’, they have ‘weapons’ and they are ‘hard’ and dangerous criminals. Calling someone a ‘criminal’ is a strong accusation and shows how information, such as accounting information, “can be used to highlight particular inequalities and needs” (Cousins and Sikka, 1993, p.53). This is an example of language constructing identity and how the discourses produced in accounting texts are dominant, as they are sanctioned by legal frameworks and widespread public use, and present a partisan view of this particular ‘oil spill’ phenomenon via both regulated and voluntary disclosure.

While the oil spills are considered ‘external’ phenomena, Shell encompasses both accidental and operational oil spills with their sphere of responsibility. This raises important questions of accountability and why a MNC, such as Shell, would draw such externalities into its discourse and corporate narrative disclosures. Building on from text analysis, this thesis argues that Shell is in a position to manage and control the discourse by objectifying oil spills. This analysis of corporate elite discourse offers a particularly relevant perspective on the way inequality in corporate narrative disclosures is reproduced in society generally, and by Shell in Nigeria specifically.

This thesis adopts Schwieker’s (1993) concept of accountability, which sees a corporation, i.e. Shell, as accountable to the ‘other’ in its corporate narrative

disclosures. This view is based on the idea that the “primary exposure to the other requires us to account to this person, instead of accounting simply to ourselves” (Shearer 2002; Roberts, 2009 as in Messner, 2009, p. 927). The ‘other’ in this thesis is the Nigerian communities living in the areas where oil production by Shell’s subsidiary’s SPDC takes place. By applying Schweiker’s (1993) concept of a moral accountability, this thesis exposes the subjectiveness and identities reinforced by accounting practices in mandatory as well as voluntary corporate disclosures. Even though corporate annual reports, for example, are not the “motor of social change, they can be mobilized to secure greater accountability and give voice to competing discourses” (Cousins and Sikka, 1993, p.55).

Accountability to the ‘other’ can contribute to a ‘free and fair’ society because, according to Gray et al. (1996, p.42), “it holds out the possibility for the development of accounting in a way in which individuals are better informed and empowered, in which inequities in wealth are potentially exposed and the inequalities of power are somewhat reduced”. Discursive practice analysis demonstrates that this is not quite the case of Shell in Nigeria: rather, the counter-narrative brings out a subversive ‘turning of accountability around’ to make ‘other’ responsible to Shell. This is further supported by McMurtry (1998, p. 140), who argues that

[g]iven their ability to confer or withdraw investment from national economies in free movement across boundaries, regulatory standards, tax regimes, natural resource sites, and labour forces, [transnational corporations] have no accountability to nation-states or their electorates. On the contrary, nations and societies have become accountable to them.

The need for accountability arises because all production is a cooperative and social effort that creates numerous social interdependencies. Yet control over resources,

according to Cousins and Sikka (1993, p.53), is “concentrated in relatively few hands” and therefore the “aim of accountability is always to affect the discretion and autonomy of those who are in positions of power” (Cousins and Sikka, 1993, p.53; Stewart, 1984). This, then, according to Roberts (1991) and Shearer (2002), allows accountability to shape identity. Messner (2009, p.928) argues:

if a particular type of discourse assumes a dominant position in the sense that it determines what kind of accountability is available and/or acceptable, then this discourse has power effects. But power operates not only through the relative dominance of a particular type of discourse. It is also a function of the absolute extent to which demands for accountability shape practice, i.e. the extent to which a practice is problematised in discourse and to which this problematization feeds back into practice.

Shell is in a dominant position relationally with the state; these issues are further explored in the following chapter.

7.6 Summary

This chapter presented alternative and challenging views to the discourse produced by Shell to problematise the notions of production, distribution and consumption of text according to Fairclough’s (1992) discourse practice. The counter-narrative revealed an opposing story to Shell’s oil-spill disclosures. Shell’s discourse creates an image of a company responsible for the environment in which it operates. By disclosing information on different causes of oil spills, Shell attempts to convince the reader that the majority of oil spills are due to sabotage and beyond its control. The accusative language also reinforces the dichotomy of ‘us’ and ‘them’, and of good versus bad behaviour. According to elite theory, the ‘elite’ dominates public perceptions, and produces and controls elite discourse. Shell’s public interface is

controlled through mandated and voluntary disclosures, and this discourse of oil spills is dominant through these corporate communications.

The chapter considered Shell's intertextuality as part of its discourse practice. NGOs also produced counter-narratives that used Shell's text and were 'intertextual'. However, Shell maintained its control of discourse practice by limiting its intertextual practices to the sites of its control. The most obvious instance of intertextuality appears in how the public-discourse documents, i.e. sustainability and annual reports, are produced. Considering the broader view of not just the text, but how the text is created and consumed, provides insight into how texts are perceived, understood and used. The public documents used in this thesis originate from the entity Shell, and are a communicative act of powerful discourse in Shell's efforts to provide accountability for the oil spills in Nigeria.

Fairclough (1993, p.67) argues that "discourse as a political practice establishes, sustains and changes power relations and the collective entities (classes, blocs, communities, groups) between which power relations are obtained". This thesis argues that Shell, as a corporate powerful elite in Nigeria, controls the discourse that serves to further accountability and responsibility to the host country, Nigeria, and discharge its responsibility through disclosure practices. The following chapter considers the final level of analysis, social practice, and explores the wider socio-political context of discourse production.

CHAPTER 8: DISCOURSE AS SOCIAL PRACTICE

8.1 Introduction

Chapters 6 (textual analysis) and 7 (discursive practice) presented the first two levels of Fairclough's CDA. This chapter proceeds to discourse as social practice, which is the third and final level of analysis. The first level, text analysis, demonstrated that sabotage discourse drives the majority of Shell's narrative disclosures on oil spills. The second level, discourse practice, highlighted intertextuality practices between Shell's letter, and sustainability reports and SPDC's annual reports. Despite the counter-narratives of NGOs, which challenged the sabotage discourse, it does not penetrate Shell's discourse practice.

Social practice links the meaning of discourse within its social context. For Fairclough (1995, p.97), the "link between sociocultural practice and text is mediated by discourse practice, how a text is produced or interpreted". Discourse, as a social practice, "both reproduces and changes ideas, thoughts and power relations, ruling individual and social interactions, discourse acts ideologically in the social world" (Nielsen and Thomsen, 2007, p. 26). In this chapter the third level of analysis social practice will focus on the relationship between Shell and the Nigerian government through SPDC and how this relationship has enabled self-regulation and pro-MNC legislation. Elite theory will explicate this relationship. Oil-spill legislation and regulation, as contextual factors, play a role in how language is used to silence the less powerful and maintain the status quo to benefit the power elite. The company, Shell, and the regulating body, the Nigerian government, are deemed to be part of the

power elite, since social dominance enacted by elites is legitimated by law (van Dijk, 1993a).

The first part of this chapter outlines Nigerian legislation and regulation of oil spills, followed by a critical analysis of this regulatory system in Nigeria and how it facilitates Shell's elite status. This power that Shell has in Nigeria, it is argued, is privileged by the close relationship the company has with the government via SPDC.

8.2 Oil-spills legislation and regulation in Nigeria

Nigeria's environmental legislation comes in many different forms including: ordinances, acts, decrees, laws and edicts (Okonta and Douglas, 2003). Okonta and Douglas (2003, p.21) emphasise that "Nigeria's environmental laws are not to be found in any one volume in the country, [but] they can be ferreted out of several sources, as indeed is the case within the Nigerian legal system". In addition, given that Nigeria is a former British colony "some aspects of English law still form part of Nigerian law, especially in the core area of the Niger Delta, where SPDC reigns supreme" (Okonta and Douglas, 2003, p.212).

The oil industry in Nigeria is subject to a number of environmental laws. The main standards, guidelines and legislation for the petroleum industry, particularly the oil exploration and production activities relevant to this thesis are outlined in Table 8.1. Each of these will be discussed, after first presenting the Constitution of the Federal Republic of Nigeria.

Table 8.1 Relevant Oil-spill Legislation

| Year | Regulation |
|--------------|--|
| 1958 | Oil Pipelines Act |
| 1969 | Nigerian Petroleum Act |
| 1969 | Petroleum (Drilling and Production) Regulation (PDPR) |
| 1988 | Federal Environmental Protection Agency (FEPA) Decree |
| revised 2002 | Department of Petroleum Resources, Environmental Guidelines and Standards for the Petroleum Industry in Nigeria (EGASPIN) – revised 2002 |

These laws are concentrated around the prevention and clean-up of oil spills.

According to Steiner (2008, p.5), to prevent oil spills,

Nigerian law requires oil companies to ensure ‘good oil field practice’ by complying with internationally recognized American Petroleum Institute (API) and American Society of Mechanical Engineers (ASME) standards for all petroleum production and transportation operations and to control oil spills, Nigerian law requires companies to take ‘prompt steps’ and initiate clean up operations within 24 hours of the spill.

In addition to petroleum legislation and regulation, the Constitution of the Federal Republic of Nigeria (1999) recognises, within its fundamental objectives that the State needs to protect the environment. For example, Clause 20 of the Constitution states that:

The State shall protect and improve the environment and safeguard the water, air and land, forest and wild life of Nigeria (Constitution of the Federal Republic of Nigeria, 1999).

Further, Clause 17(2) (d) establishes that:

[e]xploitation of human or natural resources in any form whatsoever for reasons, other than the good of the community, shall be prevented (Constitution of the Federal Republic of Nigeria, 1999)

In addition, to the above regulation there are many customary laws existing in rural communities of Nigeria regulating the protection of the environment (Okonta and Douglas, 2003). A common definition of customary law is:

a body of customs and traditions which regulate the various kinds of relationships between members of the community in their traditional setting (Okonta and Douglas, 2003, p.213).

In addition, under the Constitution, “all minerals, oil and gas belong to the Nigerian federal government, which negotiates the terms of oil production with international oil companies” (Ngomba-Roth, 2007, p.140). Chapter 4, Section 44 (3) of the Constitution states that:

Notwithstanding the foregoing provisions of this section, the entire property in and control of all minerals, mineral oils and natural gas in under or upon any land in Nigeria or in, under or upon the territorial waters and the Exclusive Economic Zone of Nigeria shall vest in the Government of the Federation and shall be managed in such manner as may be prescribed by the National Assembly (AI, 2009, p. 24).

These regulations in relation to Shell, and how they have been controlled by the discourses of the power elite, will be examined. It will be argued that Shell’s power enables it to negotiate weak regulation for oil spills in Nigeria.

8.2.1 Oil Pipelines Act of 1958

Under the Oil Pipelines Act (1958) the “[M]inister can grant permits to survey routes for oil pipelines and licences to construct, maintain and operate oil pipelines” (AI, 2009, p.41). Clause 6 (3) of the Act states that:

[t]he holder of a permit to survey acting under the authority of section 5 of this Act shall take all reasonable steps to avoid unnecessary damage to any land entered upon and any buildings, crops or profitable trees thereon, shall make compensation to the owners or occupiers for any damage done under such authority and not made good.

Therefore, this part of the Act requires SPDC through the joint venture to survey damages. In addition, Clause 11 (5) states that: the holder of a licence shall pay compensation:

- (a) to any person whose land or interest in land (whether or not it is land in respect of which the licence has been granted) is injuriously affected by the exercise of the rights conferred by the licence,
- (b) to any person suffering damage by reason of any neglect on the part of the holder or his agents, servants or workmen to protect, maintain or repair any work structure or thing executed under the licence, for any such damage not otherwise made good; and
- (c) to any person suffering damage (other than on account of his own default or on account of the malicious act of a third person) as a consequence of any breakage of or leakage from the pipeline or an ancillary installation, for any such damage not otherwise made good. If the amount of such compensation is not agreed between any such person and the holder, it shall be fixed by a court in accordance with Part IV of this Act” (AI, 2009, p.70).

These sections refer to compensation and would pertain to communities affected by oil spills. There is an important caveat or exception to the right to compensation. In Nigeria damage caused by oil spills from sabotage is not compensated. Therefore, this link between Shell’s discourse of sabotage and legislation is an important issue.

For years NGOs have claimed that SPDC has engaged in practices known to be damaging to the environment and people. One of the practices has been the lack of adequate maintenance of pipelines, which is a breach of the Oil Pipelines Act. According to AI (2009, p.80), “after a brief period of openness during the 1990s, when SPDC recognised that its operations were causing serious problems, SPDC and its parent company, Shell, today refuse to acknowledge most problems associated with their operations in the Niger Delta”. Moreover, some provisions in the oil-industry legislation appear to give them much leeway in the placement of pipelines. For example, Section 16 (2) of the Oil Pipelines Act states that:

[t]he holder of a licence may for the purpose of exercising the powers conferred upon him alter the level or position of any pipe, conduit, watercourse, drain, or electric, telephone or telegraph wire or post, but shall give reasonable notice of his intention so to do to the person in control

thereof and shall execute the work to the reasonable satisfaction of the person (AI, 2009, p.114).

This section provides oil companies with an opportunity to conduct potentially damaging activities on any land covered by their permit, licence or lease (AI, 2009). According to AI (2009, p. 45) section 5 (1) of the Act allows the holder of a ‘permit to survey’ to:

dig and bore into the soil and subsoil... to cut and remove such trees and other vegetation as may impede the purposes specified in this subsection... and to do all other acts necessary to ascertain the suitability of establishment of an oil pipeline or ancillary installations, and shall entitle the holder ... *to pass over land adjacent to such route to the extent that such may be necessary or convenient for the purpose of obtaining access to land upon the route specified* [emphasis added].

This access to pipelines assigned to the oil company is worth reconsidering in the context of SPDC’s claims of being denied access to assess oil spills for the purposes of clean-up or maintenance. The legislation renders the communities both culpable and powerless.

8.2.2 The Nigerian Petroleum Act of 1969

The Nigerian Petroleum Act is a legal framework for the prevention and remediation of oil spills. The Act makes it compulsory for oil companies to use best practice in their operations. Specifically, to prevent oil spills, Section 25 of the Act provides that oil companies:

[s]hall adopt all practicable precautions including the provision of up-to-date equipment approved by the Head of Petroleum Inspectorate to prevent pollution of inland, water... of Nigeria... and where such pollution occurs or has occurred shall take prompt steps to control and if possible to end it (The Nigerian Petroleum Act of 1969).

The Act also “grants the Minister of Petroleum Resources the statutory authority to revoke an oil operator’s license to operate if the operator does not comply with good

oil field practice” (Steiner 2010, p.16). According to the counter-narratives of NGOs, SPDC fails to maintain effective compliance with the Act and, consistent with earlier findings, Shell has been publicly criticised by many NGOs for having outdated equipment, including pipelines (Steiner, 2010). For example, in 2004, SPDC admitted that oil companies in the Niger Delta were violating guidelines and standards set by the Department of Petroleum Resources (DPR) for the regulation of the oil sector in the areas of off-shore disposal of created water and gaseous emissions.

The Act also empowers the Minister to allocate oil-exploration and ‘oil-prospecting licences, and oil mining leases’ (The Nigerian Petroleum Act of 1969). However, it is interesting to note that “there are no provisions for communities in the licence or lease areas to be consulted, no provision for objections and only limited provisions within subsidiary legislation to prohibit or restrict activities that would harm livelihoods” (AI, 2009, p.46). Shell’s power is demonstrated through its freedom to publicly admit non-compliance with regulatory frameworks, despite the public criticism the company has received over its controversial operations in Nigeria. This demonstrates that regulation is not enough, especially if the laws are not enforced when there is non-compliance. These issues of non-compliance and enforcement will be reconsidered later with respect to Shell as a corporate elite, and its relationship to Nigeria. The failure of SPDC to comply with the Act is ‘deliberate’ contempt of the law, as admitted in the one of SPDC’s annual reports (2004, p.11):

We are not complying fully in some areas of regulations. These areas of noncompliance are part of ongoing discussions between the DPR and the Oil Producers’ Trade Section (OPTS) aimed at setting achievable regulatory standards and limits.

In addition, the enforcement of the Act is difficult given that SPDC through its joint venture with Nigerian government is both the regulated and the regulator. This will be reconsidered later in this chapter.

8.2.3 Petroleum (Drilling and Production) Regulation (PDPR) 1969

Clause 25 and Clause 21 (2) of the PDPR are relevant to oil spills and oil pollution.

Clause 25 requires licensees or lessees to:

adopt all practicable precautions ... to prevent the pollution of inland waters, rivers, watercourses, the territorial waters of Nigeria or the high seas by oil, mud or other fluids or substances which might contaminate the water, banks or shoreline or which might cause harm or destruction to fresh water or marine life, and where any such pollution occurs or has occurred, shall take prompt steps to control and, if possible, end it (Petroleum Petroleum (Drilling and Production) Regulation (PDPR) 1969).

Clause 21 (2) of the PDPR states that:

if the licensee or lessee cuts down or takes any other productive tree, he shall pay fair and adequate compensation to the owner thereof...(Petroleum Petroleum (Drilling and Production) Regulation (PDPR) 1969).

In addition, the oil operators are:

also required to maintain all installations in good repair in order to prevent he escape or avoidable waste of petroleum, (and to cause) as little damage as possible to the surface of the relevant area and to the trees, crops, buildings, structures, and other property thereon (Steiner, 2010, p.16).

This aspect of the regulation appears to be weakly enforced, given that Shell's oil spills continue to damage trees, crops and other necessities that ensure the living conditions of Nigerian communities³⁰ (as described in Section 3.3.4 of this thesis).

³⁰ For example, on April 29 2001, there was an explosion at Shell's Well 10 facility (Yorla Oil Field) (SPDC, 2001, p.41). This spill caused major social and environmental damage. For nine days crude oil and gas poured onto Yaata village and other surrounding villages, swamping farmlands, forests, streams and rivers (Johansen, 2008). The village was uninhabitable, residents were forced to move into other villages and one man was shot dead (Johansen, 2008). According to Johansen (2008), Shell has made no attempt to clean up damage from the spill.

In addition, Okonta and Douglas (2003, p.200) argue that “Shell disrespects and flagrantly violates local customs and laws” which were “developed from moral rules that still exist in the communities of the Niger Delta” (Okonta and Douglas, 2003, p.217). In refusing to respect these local laws and customs, Shell violates Regulation 45 of the PDPR (Okonta and Douglas, 2003).

8.2.4 Federal Environmental Protection Agency (FEPA) Decree 1988

The FEPA Decree is an attempt by the federal government to protect the Nigerian environment (Adibe and Essaghah 1999; Alapiki, 2004; Ibaba, 2010). The FEPA decree outlines liabilities and penalties “for oil spills spillers of hazardous substances, whether on water or land” (Okonta and Douglas, 2003, p.217). Section 34 of the FEPA Decree (1998) states that:

[s]pillers are compelled by the decree to bear the cost of removal; replacement of natural resources damaged or destroyed by the discharge, and report same to the agency or other related agencies.

Okonta and Douglas (2003, p.217) argue that traditionally “there is no area in the Delta where Shell has successfully restored or replaced a natural ecosystem”. Shell’s destruction of the Niger Delta environment from spillages has been recorded by local and international observers alike, including environmental groups and sundry agencies. International organisations such as Greenpeace and the World Bank have also chronicled in detail Shell’s devastation of the Niger Delta. According to FoE (2003, p.21) “local people have suffered from decades of pollution as a result of oil spills and fires from Shell’s rusting network of pipes”. For example in December of 2003, “oil pipeline in Rukpokwu, which has been a problem since 1963, ruptured, causing an oil spill and fires. It took Shell more than six weeks to put the fires out

and make basic repairs” (FoE, 2003, p.21). As a result of oil spills Chief Clifford E. Enyinda and Azunda Aaron, the Chairman of the Mgbuchi Community, have said:

Our only source of drinking water, fishing stream, and farm-lands covering over 300 hectares of land with aquatic lives, fishing nets and traps, farm crops, animals, and economic trees worth several billions of naira [equivalent to millions of dollars] are completely destroyed by the spillage and was made worse by the three separate fires that broke out of the spill site (FoE, 2003, p.21).

For example Egi women are farmers, fishers and hunters in the Niger Delta. They state that:

[w]ith all the flaring and pumping of oil into our swamp areas they have denied us every living thing. Today we have no hope while they are making billions of naira with our gifts from God. They don’t care or hear our cry. When we cry the oil companies will only throw tear gas on us and beat us and drive us out of our land (FoE, 2002a, p.25).

Over a decade has passed and still oil spills pollute the Niger Delta.

8.2.5 Environmental Guidelines and Standards for the Petroleum Industry of the Nigerian government (EGASPIN) 2002

EGASPIN provides a set of environmental guidelines and standards and is the “main environmental document used by the oil industry” (AI, 2009, p105). EGASPIN was first introduced in 1991, and further revised in 2002 (Steiner, 2010). The guidelines cover the “handling of wastes, including wastewater and drilling waste, oil spillage, and dealing with effluents” (AI, 2009, p.41). Part VIII of the standard states that:

[a] spiller shall be liable for the damage from a spill for which he is responsible. Settlement for damages and compensation shall be determined by direct negotiation between the operator(s) and the landlord(s) (EGASPIN, 2002).

The significant word here is ‘negotiation’, which occurs between the operator(s) and the landlord(s). In this case the operator is Shell via SPDC and the landlord is the Nigerian government. Therefore, the ‘negotiation’ is between the regulated and

regulator and is an example of ‘weak legislation’ when the legislator – in other words, the regulator - is, in fact, the operator, or the regulated. The elite status of Shell, reinforced or legitimated, through SPDC compels the researcher to conclude that the Nigerian government, through its 55% ownership in the joint venture, confuses the notion of regulation/regulator/regulated. Furthermore, according to the EGASPIN, SPDC must have an Oil Spill Contingency Plan (OSCP), with a detailed description of how the company will respond to oil spills from its facilities, irrespective of the cause. Steiner (2010) who conducted field research for FoE in 2008, requested a copy of Shell’s OSCP. According to his findings, SPDC refused his repeated requests for a copy, thus making it difficult to assess their compliance with EGASPIN requirements. It is also worth noting that this refusal by SPDC to respond to FoE’s requests is another example of Shell not engaging with NGOs. In this way, Shell can control how it constructs its discourse practice.

The annual reports, which can be accessed by a broad range of users, remain as Shell’s main ‘accountability’ mechanism. Furthermore, their actual performance in responding to some spills leaves no doubt that they are not in compliance with the EGASPIN requirements (Steiner, 2010). In addition, SPDC’s earlier admission speaks volumes about their compliance or lack thereof. Steiner (2010, p.37) further notes that “it is evident whatever their OSCP asserts with regard to SPDC readiness to respond to oil spills in the Niger Delta, the company’s actual performance in oil spill response in the region is far below the internationally recognized standards”.

Parts of EGASPIN also deal with restoration of oil spill sites; for example, the “spiller being responsible to clean up the site and restore it to its original state”

(Imoobe and Iroro, 2009, p.58). According to EGASPIN (2002, p.148 as in Steiner, 2010, p.17) in relation to oil spills:

Clean-up shall commence within 24 hours of the occurrence of the spill. For inland waters/wetland, the lone option for cleaning spills shall be complete containment and mechanical/manual removal. It shall be required that these clean-up methods be adopted until there shall be no more visible sheen of oil on the water. Clean-up of oil spills in contaminated environments shall be conducted in such a manner as not to cause additional damages to the already impacted environment.

This excerpt indicates that there is a clear mandate of what to do, when to do it and how to do it for oil companies operating in Nigeria. This suggests a comprehensive and unequivocal legislation; however, as indicated previously, the word ‘negotiation’ creeps into the legislation. SPDC annual report has indicated that often it is not notified of oil spills or not able to gain access to them. This is important (as raised in Chapter 6), as it signals a shift of responsibility away from Shell to the community, irrespective of whether the oil spills are operational or due to sabotage. While the negotiation relates to settlement for damages, the Act does not treat non-compliance specifically. In relation to SPDC, there is evidence that the company has not conducted a clean-up after 24 hours of the spill³¹.

Furthermore, Section 3.2.2 (v) of EGASPIN requires “monthly inspection of pipelines for corrosion including monitoring indications and measurements” (EGASPIN, 2002 as in Steiner, 2010, p.43). Steiner (2010, p.37) argues that “with the thousands of kilometres of buried pipelines, the primary method uses internal

³¹ An example of this non-compliance is a spill that occurred on 25 June 2001 in Ogbodo in Rivers State (AI, 2009), where a ruptured pipeline exploded, spilling oil over the surrounding land and waterways. According to the AI (2009) report, the community notified SPDC the following day. However, it “was not until several days later that a contractor working for SPDC came to the site to deal with the oil spill” (Johnson, 2008, n.p.). AI (2009) asked SPDC to comment on this case, but the company did not do so.

inspection devices (smart Pipeline Inspection Gadgets, etc.) and it is difficult to know the extent of compliance of Shell Nigeria with this requirement” (Steiner, 2010, p.37). In addition, Section 2.6.1 “requires that operators respond immediately to contain an oil spill, and it has been well established that Shell’s response to most spills is far from immediate, but takes on average several days” (Steiner, 2010, p.38).

One of the other requirements relevant to oil spills is that companies must prepare an Environmental Evaluation Report (EER). Section 2.2 of EGASPIN (as in Steiner 2010, p.44) requires

that the EER shall contain a full description of the spill incident, qualitative and quantitative descriptions of the already impacted environment, loss of and significance of impacted environmental resources, restoration plans *‘to either eliminate or decrease adverse environmental impacts to the greatest extent possible,’* and an environmental management plan post-EER [emphasis in original].

This requirement to prepare an EER represents an interesting link between disclosure and accountability. Many NGOs argue and suspect that Shell has not fully complied with this directive (Steiner, 2010), and even if it has, Shell’s reports have not been made available. In addition, “it is a global standard that such post-spill environmental evaluations consist of a comprehensive scientific analysis of the affected environment, and there are no such assessments for any large spills in the Niger Delta” (Steiner, 2010, p.38).

Relevant to clean up and removal of oil spills Section 2.6.3 (i) of EGASPIN requires oil companies to control removal of spills (Steiner, 2010). According to Steiner (2010) SPDC consistently violates EGASPIN standards and has not satisfied the requirements of the standard given there are many un-remediated oil spill sites.

Finally, where oil spills are also due to sabotage, companies are obliged under EGASPIN (pp.148, 269, 152) to ‘contain, cleanup and remediate the affected area’ (AI, 2009, p.65), actions that SPDC has not taken.

8.2.6 Weak regulation

According to (AI, 2009, p. 41) environmental regulatory system in Nigeria is described as ‘chaotic’ and “the content of Nigeria’s laws on oil operations is considered minimally sufficient by environmental and oil experts, in terms of compliance with international standards in relation to oil operations” (AI, 2009, p. 41). These laws are also considered to have significant flaws, particularly as they relate to the impact of the oil industry on the environment and the affected population. According to AI (2009, p.52) both the Petroleum Act of 1969 and the Oil Pipelines Act of 1958 neither ‘provide for meaningful sanctions for failure’ to comply with the Acts ‘nor does the legislation appear to deal with persistent poor performance’. Under the Petroleum Act, “the Minister of Petroleum Resources has general supervisory powers over oil-company activities and may revoke any oil prospecting licence or oil mining lease if, in his opinion, the licensee or lessee is not conducting operations in accordance with good oil field practice” (AI, 2008, p.52). While some oil licences and leases have been revoked, a study by AI (2008) indicates that revocation has never been exercised on the grounds of environmental damage. The legislation makes provisions for power and remedy; however, the challenge is, would it be able to invoke this on SPDC as it regulates itself as a joint owner?

The penalties for pollution and environmental damage in Nigeria are financially inadequate to ensure compliance (AI, 2009). For example, oil companies that fail to report an oil spill to the National Oil Spill Detection and Response Agency (NOSDRA) are fined 500,000 naira (approximately US\$3,500) (AI, 2009). Consistently, the fine for failure to clean up the affected site is also relatively low of 1 million naira (approximately US\$7,000) (AI, 2008). In addition, the FEPA Act of 1988 also prescribes inadequate and insignificant fine of 20,000 naira for offenders (Ibaba, 2010). According to AI (2009, p.52),

The amount paid by oil companies in fines is unknown, but many civil society organizations in the Niger Delta are concerned that low fines reflect the fact that the government is the major partner in the joint venture operations, and therefore liable for the bulk of any fine imposed.

As a result of Shell's operations in Nigeria thousands of oil spills have occurred in the past decades, with little or no clean-up by the company (FoE, 2002a)³². During the period under investigation, 2000-2010, Shell disclosed more than 2,000 spills in Nigeria. Even though the company attributes the majority of spills to sabotage (Chapter 6), the counter-narrative (Chapter 7) suggests that sabotage is used by Shell to distance its responsibility towards the 'other' and therefore avoid paying compensation to local communities (Frynas, 1999; 2000). Even if Shell does not award compensation, EGASPIN allows for SPDC as an operator to negotiate with the landlord. This is only possible because of Shell's unique relationship with the government and its elite status in Nigeria.

³² Outside the period of this study, but important to acknowledge, is a Shell pipeline explosion in the Niger Delta in 1998 that "killed more than 400 people" (FoE, 2002a, p.25).

Shell's *Group Environmental Standards* (Shell, 2002, n.p.) state that:

In Shell, we are committed to having an environmental performance we can be proud of. In all our activities we always take a responsible approach, and our environmental management policy applies globally. We have minimum standards for our major risk areas...and we have assurance processes in place to confirm that the policy is being followed and that the minimum standards are being met.

Further, the *Shell General Business Principles* (Shell, 2002, n.p.) state:

Shell companies seek a high standard of performance...[and] to conduct business as responsible corporate members of society, to observe the laws of the countries in which they operate...to give proper regard to health, safety, and environment.... Therefore, it is the duty of management continuously to assess the priorities and discharge its responsibilities as best it can on the basis of that assessment.

In addition, these principles state that Shell will observe the laws of the country in which they operate. This would include the requirements of Nigerian law. Steiner (2010, p.40) argues "that it is obvious that these professed internal corporate standards for Shell Group are not being met by SPDC". The empirical analysis in this thesis is consistent with these previous findings. Shell's corporate position is used as a discursive tool to express accountability for its actions in Nigeria on one hand, and as a means to violate the legislation relevant to oil spills on the other. Under Nigerian law, "the operating oil company is responsible for the clean-up of oil spills, and the clean-up is supposed to both be swift and meet good practice standards" (AI, 2013, p.60). According to the EGASPIN guidelines, issued by the Department of Petroleum Resources (DPR), 'clean-up should commence within 24 hours of the spill'. However, Shell has been criticised of violating this requirement for many decades now (Steiner, 2010), and SPDC has also admitted with not fully complying.

Steiner (2010, p.12) states that “government and operating companies maintain their own data on oil spills, but these cannot be considered reliable as both the government and operators seek to limit their legal liability for claims for oil spill damage”. As established previously, “under Nigerian law, local communities have no legal rights to the oil and gas reserves in their territory” (AI, 2009, p.24). This ineffective governance on behalf of Nigerian government has been exploited by Shell for many years and “invoked it as an excuse for their poor environmental performance in Nigeria” (Steiner, 2010, p.43). One example of this ineffective governance is that

[h]olders of leases and licences and permits to survey under the Petroleum Act, Oil Pipelines Act and subsidiary legislation are entitled to engage in a range of activities such as cutting down trees and other vegetation, to dredging without any adequate safeguards in terms of the impact of these activities on the environment and associated livelihoods of the communities” AI (2009, p. 24)

As a result of this there is a continuous “conflict between the communities and the oil companies over land as companies depend on land because the oil is beneath it, while communities depend on land for farming and fishing” AI (2009, p. 24).

8.3 The discursive power of elites – regulator and regulated

The previous section presented a wide assortment of intervention instruments meant to protect the environment in Nigeria. This thesis argues that Shell’s elite status makes it difficult to ensure robust legislation including enactment, compliance, enforcement and penalty. The legislation is compromised by a discourse of ‘negotiation’, especially in the Nigerian Petroleum Act of 1969 and the Environmental Guidelines and Standards for the Petroleum Industry of the Nigerian Government (NG - EGASPIN) 2002. This issue highlights the complex relationship between the regulator and regulated. Okonta and Douglas (2003, p.64) argue that the

“Nigerian government officials are noted for their cautious use of words”. In reality it is the oil companies, in particular Shell, that dominate power and control the oil industry. The Nigerian government implicitly supports this stance due to the relationship it has with Shell. Okonta and Douglas (2003, pp.58-59) further suggest that Shell:

[e]njoys cordial relations with the soldiers and politicians in power, in a symbiotic relationship sustained by a mutual desire to control the Niger Delta and exploit the oil. The multinational maintains its own private police force, imports its own arms and ammunition, and at least in two instances has admitted payments to the Nigerian military.

In addition Amnesty International (2009, p.60) highlights that Shell exploits weak regulatory system in Nigeria, “making the poor the most vulnerable to exploitation by corporate actors”.

Shell has been able to shape the discourse of oil spills (Chapter 6) and, as an elite, successfully construct two different images, one of themselves and another of the Nigerian people, the ‘other’. This discourse, construction, consumption and distribution is controlled by Shell, and this is possible because of Shell’s close relationship with the government. This relationship is evident in the joint venture, and hence SPDC’s annual reports also implicate the government. Mills (1956, p.9) argues that a “highly-concentrated number of elites control most of the wealth, most of the power and most of the privilege in society – and use this wealth, power and privilege to influence the decisions of governments”. The analysis of discourse at the social-practice level demonstrates how the corporate elite draws its economic and political importance from the Nigerian government legislation and regulations.

Shell's narrative disclosure practices and weak government regulation sustains the power of this dominant elite. The context and social relations that shape this elite's oil-spill discourse is complex, given the fact that the regulator is also the regulated as a partner in, and a major financial beneficiary of, a joint venture. SPDC and the cooperation between regulator and regulated shows the nexus of state and corporate power as an elite whose interests are served, and who have influential and special access to, and control over, public discourse. This then forms an integral component of corporate power that has accountability consequences. These consequences were explicitly shown in Chapters 6 and 7 and the way elite discourse plays out in Shell's corporate narrative disclosures.

8.4 Summary

In summary, discourse as social practice identified the main legislation and regulation governing oil spills, and provided another locus for Shell's influence as a corporate elite in Nigeria. Analysis of social practice also highlights the hidden social relations that shape Shell's narrative oil-spill disclosures. This revealed that Nigeria's regulatory system is complex and allows companies to 'negotiate' with the government. SPDC's compliance is difficult to ascertain, as the Nigerian government is a 55% shareholder in the joint venture. In other words, penalising SPDC would require the regulator to penalise itself.

It is argued in this thesis that Shell has the power to produce elite discourse about oil spills and sustain this discourse over the period under investigation from 2000-2010. In addition, weak regulation enables the power of the dominant class to construct the discourse of oil spills and their subsequent consequences. Due to its close

relationship with the government, Shell's elite status is not challenged; it is, rather, supported by the legislation. Shell's status as an elite is important because, as a MNC, Shell has international reach, provides wealth and contributes to the GDP in a poor and developing country.

CHAPTER 9: CONCLUSION AND CONTRIBUTION

This chapter summarises the key issues that have arisen from a critical analysis of Shell's disclosures of oil spills in Nigeria and conclusions drawn from the analysis. The contributions are explicated as particular theoretical and methodological contributions to the accounting field of knowledge. Research limitations and further research opportunities are presented in the concluding section of the chapter.

9.1 Summary

This thesis critically investigated the narrative disclosure of oils spills of an MNC, Shell, operating in a developing country, Nigeria. Over the years Shell has been scrutinised by NGOs for its operations in Nigeria and for the oil spills resulting from its presence in the Niger Delta. While oil extraction and production brings great wealth and opportunity to Nigeria, oils spills create environmental damage and exacerbate poverty, as this wealth is not evenly distributed. How, after over 50-years of operations in Nigeria, are oils spills resulting from Shell's operations still contested, controversial and continuing?

To address this issue this thesis had the following purpose and objectives:

1. What is Shell's discourse of oil spills?
2. How is Shell's discourse of oil spills sustained with respect to NGOs' discourse of Shell's oil spills?
3. Does the Nigerian legislation of the oil industry play a role in sustaining Shell's oil spills?

Oil spills occur for a number of reasons, ranging from controllable to uncontrollable. The power to define that which is controllable or uncontrollable has been explored in this thesis using critical discourse analysis (CDA) informed by elite theory. CDA has allowed the researcher to explore not only the specific words and meaning of oil spills, but the practices of production and distribution within the broader social context. Since the thesis focussed on the discursive representation of the phenomenon of Shell's oil spills as elite discourse, the examination of the social context specifically focussed on the unique relationship between Shell and the Nigerian government. This relationship is explicitly demonstrated in the joint venture arrangement operated by SPDC, Shell's wholly-owned subsidiary, on behalf of NNPC, Shell, Total Exploration and Production Nigeria Limited (TEPNG) and Nigerian Agip Oil Company limited (NAOC). It was established, therefore, that the regulator is also the regulated. This thesis illuminates Shell's complex relationship with the government and the consequences of this relationship for the occurrence and disclosure of oil spills in accountability discourses produced by the parent company Shell and the operating subsidiary SPDC.

Accounting studies of corporate social and environmental disclosures are orientated towards developed countries; this thesis contributes to the study of corporate disclosures by examining how these differ when the MNC is operating in a developing country. While there are studies from an African context, the majority of this research has focussed on the quantity of disclosure supported by general descriptions of what is disclosed relating to environmental issues.

In addition, the use of CDA together with elite theory explored the power and dominance incorporated in public discourse. CDA recognises that “power abuse is enacted, reproduced or legitimated by the talk and text of dominant groups and institutions” (van Dijk, 1996, p.84). The framework of elite theory recognises the existence of elites in society and explicates how this power can be manifested. Corporations are one of the most powerful institutions in the current global capitalist society, and encompass both financial and political power. Therefore, it is important to understand the discourse produced by a corporate elite. With the application of elite theory in an accounting context we begin to understand how corporate elite discourse contributes to reproduction of dominance and inequality in society. This is of enormous importance given that the global society is fighting against environmental issues, inequalities and poverty, especially in developing countries.

In terms of the analysis of Shell’s and SPDC’s public discourse, the first level of Fairclough’s CDA, text analysis (Chapter 6), revealed a number of dominant discourses in Shell’s oil-spill disclosures. While oil spills are considered ‘external’ phenomena, Shell encompasses both accidental and intentional oil spills within its public discourse. In other words, Shell interprets the nature and subsequent responsibility for what is considered an ‘environmental disaster’. This is a result of Shells’ status in Nigeria and how its elite discourse is presented in corporate narrative disclosures. According to Shell’s public discourse, uncontrollable oil spills are explained as sabotage and account for the majority of oil spills reported by the company. The boundary of responsibility and the subtle and nuanced meaning of controllable and uncontrollable are contestable, and elite theory (Mills, 1956) explicates Shell’s ability to dominate, enter and shape the discourse about its oil

spills. This thesis argued that Shell as a corporate power elite in Nigeria, has the power to define, construct and disseminate sabotage-related oil-spill discourse by replicating its production in the shareholders' response letter, annual reports and sustainability reports.

The discourse practice (Chapter 7) led an interpretative investigation into these dominant discourses by looking at other key players as a counter-narrative (NGOs). The intertextuality element of Fairclough's discursive practice level demonstrated how similar oil-spill discourse flows through the documents used by Shell: specifically, the shareholders' response letter, annual reports and sustainability reports. This thesis then shows how corporate communication vehicles, language and power interact especially when SPDC's annual reports incorporate the interests of the joint venture with the Nigerian government. In effect, the elite discourse is also sanctioned by the government.

The social-practice level (Chapter 8) of CDA explored oil-spill regulation in Nigeria and exposed the legislation as being 'weak' with respect to enforcement. In particular, settlement for compensation to those affected by oil spills is negotiated. This close relationship between Shell and the Nigerian government is explicitly shown via SPDC, as the operator of the joint venture between Shell and the Nigerian government. Elite theory explicates the 'weak' regulation, as a 'weak' regulatory system in Nigeria, a developing country, enables Shell as an elite to control its operations and limit the responsibility it has for the consequences of oil spills. The discourse of oil spills as reported by Shell is sustained by its relationship with the

Nigerian government. This relationship ‘plays out’ at the social-practice level as the continuing control and power of the corporate elite.

9.2 Contribution to literature on corporate disclosures in developing countries

This thesis presents a unique contribution to the study of corporate disclosure in the context of a developing country. It was identified that current literature on voluntary corporate social and environmental disclosure focuses on developed countries. While, a number of studies have investigated such a phenomenon from the perspective of developing countries, in particular in the African context, the majority of these studies examined the concept of voluntary disclosure in general and applied quantitative analytic approaches. This thesis departs from this extant literature and critically explores Shell’s narrative corporate disclosures in their broader socio-political context.

Given that Shell operates in more than 80 countries worldwide and is a powerful player in the global oil industry, it is important to study its narrative disclosures that contribute to accounting. The discourse of oil spills in the examined reports of Shell and SPDC offers another way in which accounting is implicated through the rhetoric of disclosure. It was identified in Chapter 2 that the literature on Shell as a group of companies is limited to its operations in developing countries. Second, unlike the majority of the studies of corporate disclosures, this analysis adopts a discursive approach with the specific aim of examining language and context to explore the role of accounting disclosure as elite discourse that perpetuates power relations in Nigeria.

9.3 Theoretical contribution

Elite theory was used in this thesis to understand, examine and explain the power of Shell to control its narrative oil-spill disclosures. On a general level, elite theory can be used to explain how MNCs play a major role in global capitalism. It is important to study such corporate institutions as elites and understand the elite discourse they produce in their corporate narrative disclosures. MNCs such as Shell, as an institutional corporate elite, are economically, politically and socially powerful and significantly affect the communities in which they operate. Elite theory has offered important insights into how power can be pervasive, so that concepts of accountability can be limited.

Interrogating corporate discourse from the perspective of a powerful corporate elite provide insight into its relationship with host countries. These insights augment CDA which focuses on language use and unequal relations of power (Fairclough, 1989). This thesis provides empirical evidence of how this is manifested in explicit terms especially when the host country of the MNC is a developing country.

In addition, elite theory reinforces the role of language and accounting as a discursive practice. This offers potentially useful insights in its focus on elites, and on how discourse perpetuates inequality in Nigeria in a number of ways. First, there is the issue of resource allocation, as the definition of 'controllable' creates the responsibility for Shell (or SPDC) to clean up oil spills. Besides the environmental and social advantages associated with remediation, clean-up efforts also employ members of local communities. However, uncontrollable oil spills are 'external' to the company and Shell is therefore unaccountable.

Second, it was identified that Shell is an economic, social and political elite in Nigeria, and therefore has the power to identify the ‘other’, i.e. Nigerian communities, as criminals. According to van Dijk (1993a) elites through their ‘influential text and talk’, maintain their dominance and legitimate their own power in general. This thesis “supports the argument that, although elites cloak their language in tolerance, they linguistically institutionalise their dominance over” (van Dijk, 1993a, p.2) the less powerful ‘other’ in Nigerian society by creating a victim status.

Third, Shell has the epistemological privilege over a ‘truth’³³ about oil spills and what is constituted as controllable, or those for which they take responsibility. Shell’s discourse is legitimated through socially sanctioned discursive media such as regulated annual reports and voluntary, sustainability reports.

Significantly, the methodological and theoretical frameworks are also consistent, and can be combined for future research into corporate disclosures; this provides a complementary and expanded research framework for exploring other MNCs in developing and developed countries.

In addition, this thesis demonstrates the opacity of language and how this is played out in corporate narrative disclosures; it subsequently raises questions of transparency as a means of accountability (Roberts, 2009). As stated previously, elite theory is relatively underdeveloped in contemporary accounting studies, although

³³ In this thesis the meaning of truth is what Shell says and how it represents its oil spills.

issues of power and dominance infuse critical theory as applied by scholars and accounting researchers.

9.4 CDA contribution

This thesis applied CDA to Shell's corporate disclosures for the period 2000-2010. CDA explicitly recognises power, context and language of powerful institutions, including corporations, examining how they can use text to manipulate power relations. CDA exposes the dominant discourse, produced by Shell, which may have a significant impact on the outcomes of accountability. Attempts to achieve a better and more equal society must challenge economically powerful institutions such as MNCs, and make them accountable. This methodology is especially concerned with making visible the ideological struggles fought over social change that are typically manifested in language. Therefore, this thesis is a response to recent calls for such works in the accounting literature (Craig et al., 2010).

The complexity in the case of Shell and Nigeria is that this dominance is also accommodated, willingly or unwillingly, by the Nigerian government. Given that the public discourse of the Nigerian government is limited, and there is limited access to it, any speculations by the researcher as to the Nigerian government's intent would not be prudent.

This thesis makes a methodological contribution in a number of ways. As a case study it provides an application of CDA to the analysis of corporate narrative disclosure. Second, the data used for the application is unique. At the textual level,

the thesis used a response letter to major shareholders by the parent company, voluntary reports of the parent company and mandated reports of its subsidiary in the host country. The discourse emanating at this level was considered as discursive practice. Next, the thesis introduced counter-narratives by NGOs to demonstrate that intertextuality was controlled by Shell. At the social-practice level, legislation was introduced to demonstrate language and power use. These levels were presented in sequence, which in the aggregate sense does have a role.

Although specific oil-spill events were not the focus, this thesis contributes to the literature as it analyses the complex existence of an MNC giant, Shell, in a vulnerable and developing country, Nigeria, by analysing ‘oil spills’ as a collective of events. Second, unlike the majority of the literature on corporate disclosures, this analysis is discursive in nature, rather than focussing on quantitative analysis of oil spills or their disclosure.

9.5 Thesis limitations

An important limitation is restricted access to the public discourse of SPDC and the Nigerian government. SPDC annual reports are only publicly available for a period of six years from 2000-2006. In addition, these reports are not available on the websites of Shell, the Nigerian government or NNPC. The reports were accessed via external sources. Therefore, additional data sources could be considered in future research. This thesis has focussed on narrative disclosures in public documents. However, other narrative discourse could be used; for example, the researcher could have conducted interviews with representatives of Shell, SPDC, the Nigerian

government, oil communities and FoE and other NGOs and could have considered visual images and photography of oil spills.

9.6 Future research

There are a number of research opportunities arising from this thesis. The example of Shell as a corporate elite in Nigeria is fundamental in understanding the role of other MNCs and their operations in developing countries to understand elite discourse and how it is played out in corporate narrative disclosures. This work can also be applied to Shell's operations in other developing countries, such as Somalia for example where the context of the company's operations is very similar to its Nigerian operations.

In addition to the Nigerian context, there also emerges an opportunity for a comparison study between MNCs' operations in developing and developed countries. This thesis examines an example of a public/private partnership between an MNC, Shell, and a developing country. Further studies could explore partnerships in a similar context and in different locations. A potential study on the accountability of governments in developing countries, including Nigeria, would be beneficial to justify the use of public resources, such as oil in the context of Nigeria.

Finally, this thesis has focussed only on the environmental 'disasters' caused by oil spills on land, and has not explored the range of destruction to air and water and consequent impacts on communities and future generations.

APPENDICES

Appendix 1

Shell and SPDC oil spills in Nigeria

As a result of SPDC operations, a large number of oil spills occurred in Nigeria during the period under investigation. Shell states that they “report, as a single volume figure, spills of crude oil, oil products and chemicals” (Shell, 2001, p.29).

Table 1 provides a summary of the reported number of spills, volumes and their cause.

Table 1: Oil Spills in Nigeria between 2000 and 2010 as reported by Shell

| YEAR OF OCCURRENCE | <u>NUMBER OF OIL SPILLS</u> | VOLUME OF OIL SPILLED IN TONNES OR BARRELS ³⁴ | DUE TO SABOTAGE | OIL SPILLED DUE TO SABOTAGE IN TONNES OR BARRELS | <u>NUMBER CLASSIFIED AS CONTROLLABLE INCIDENTS</u> | OIL SPILLED DUE TO CONTROLLABLE INCIDENTS IN TONNES OR BARRELS |
|--------------------|-----------------------------|--|-----------------|--|--|--|
| 2000 | 340 | 30,751 | 137 | 17,644 | 203 | 13,107 |
| 2001 | 302 | 76,854 | 147 | 38,711 | 155 | 38,143 |
| 2002 | 262 | 20,007 | 160 | 18,724 | 101 | 1,278 |
| 2003 | 221 | 9,900 | 141 | 6,732 | 80 | 3,186 |
| 2004 | 236 | 8,317 | 157 | 8,064 | 79 | 253 |
| 2005 | 224 | 11,921 | 138 | 11,265 | 86 | 659 |
| 2006 | 241 | 23,000 | 165 | 12,600 | 50 | 10,400 |
| 2007 | 330 | 30,000 | 221 | 18,500 | 109 | 11,500 |
| 2008 | 160 | 56,325 | 140 | 48,000 | 53 | 8,325 |
| 2009 | 132 | 105,600 | 95 | 103,000 | 37 | 2,300 |
| 2010 | 144 | 27,580 | 112 | 22,310 | 32 | 5,270 |

Source: SPDC annual reports 2000-2006; Shell Sustainability Reports 2000-2010.

³⁴ The reports are not consistent in terms of volume nomenclature. One tonne equals 7.4 barrels.

Figures 1 and 2 give a graphical representation of the reported spills. Figure 3 illustrates solely oil spills due to sabotage. In addition, Table 1 shows SPDC oil spills compared to the Shell Group.

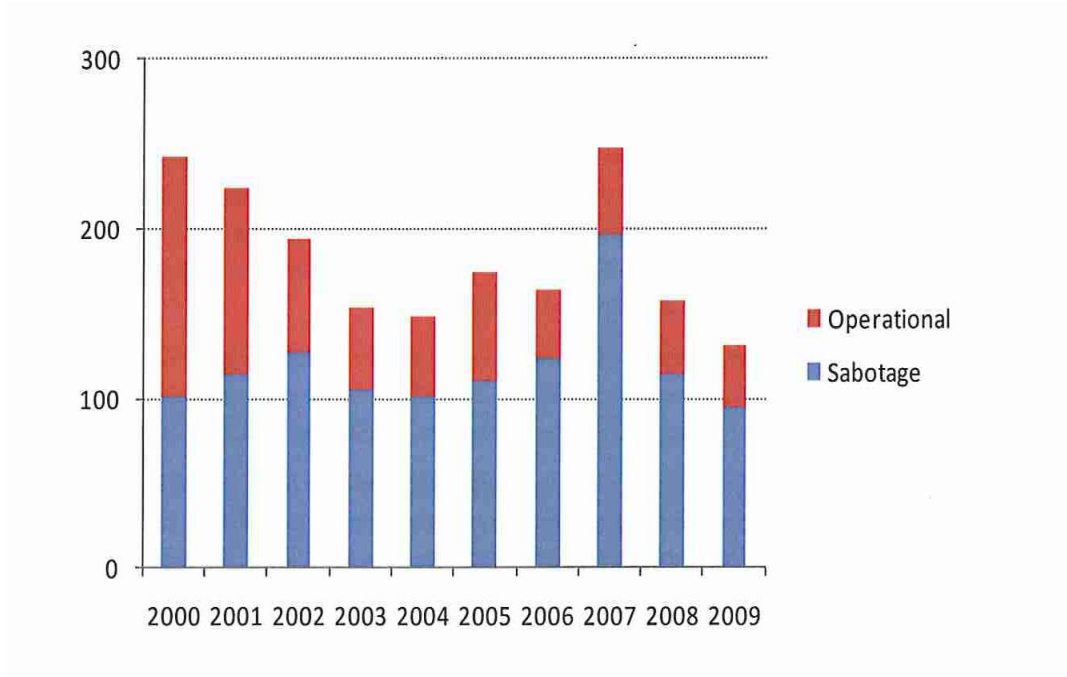


Figure 1: Number of spills by category (Shell, 2010a, n.p)

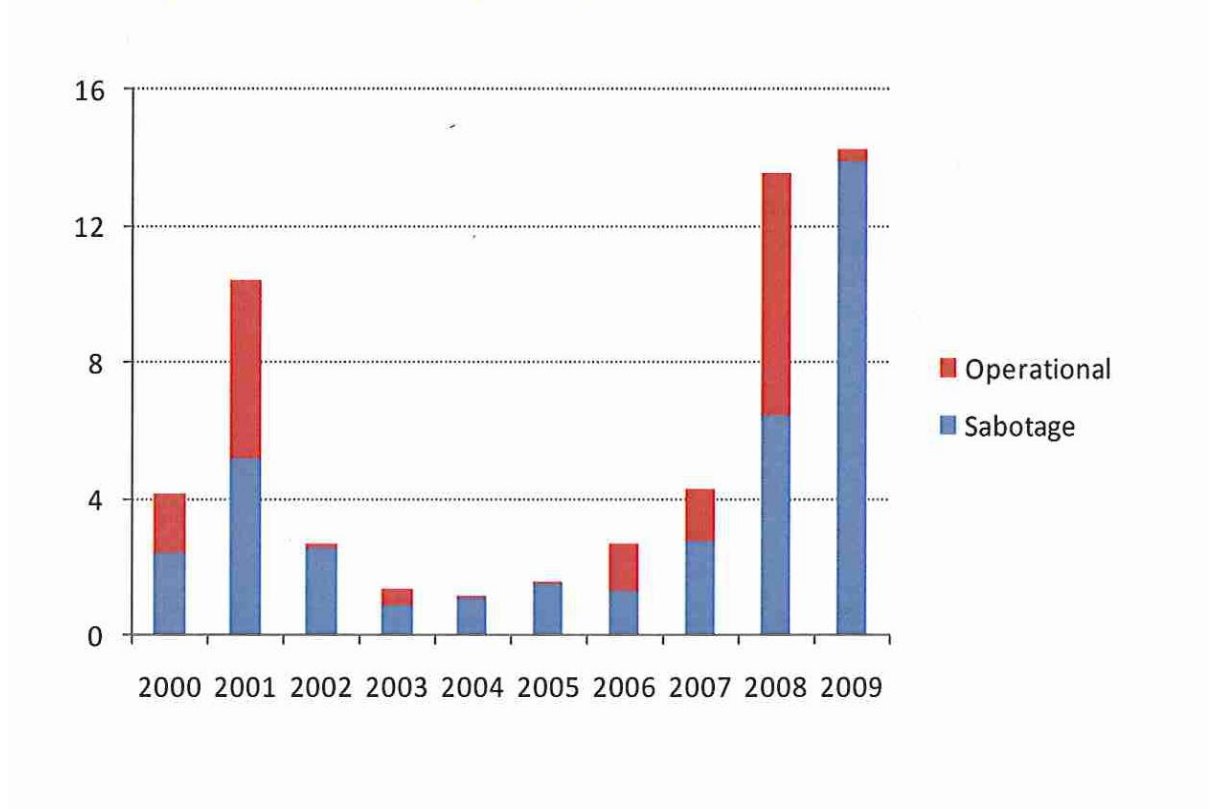


Figure 2: Spills in thousands of tonnes by category (Shell, 2010a, n.p)

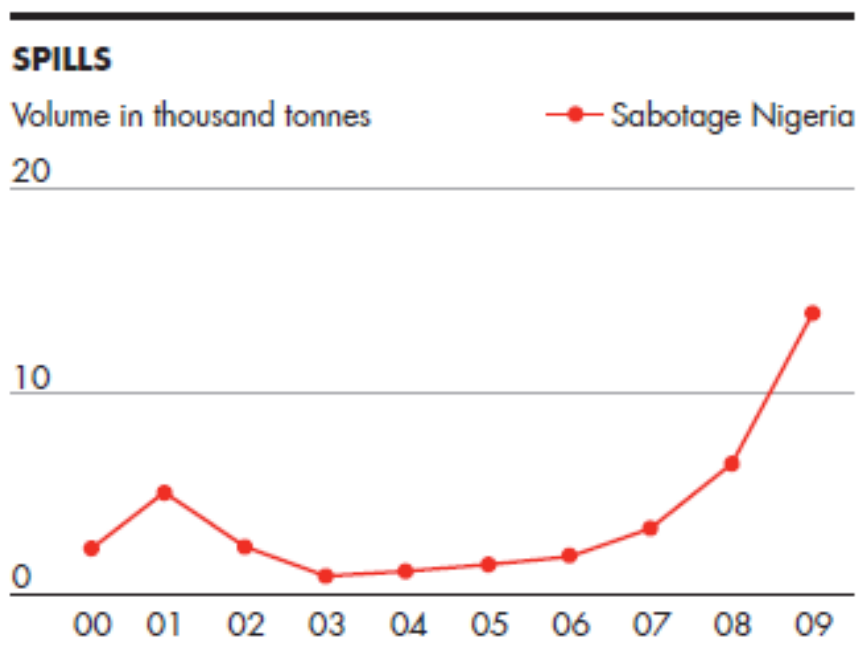


Figure 3: Volume of sabotage-Nigeria (SSR, 2009, p.36)

Table 2 shows SPDC oil spills compared to those for the Shell Group overall.

Table 2: Volume of Oil Spills from Shell's Nigerian Operations as a Percentage of the Total from Shell Operations as a Whole

| | Total | Sabotage | Operational | Hurricanes |
|-------------------|--------|----------|-------------|------------|
| Average 1998-2009 | 50,00% | 100% | 28,00% | 0% |
| Average 1998-2002 | 41% | 100% | 24% | 0% |
| Average 2003-2009 | 61,00% | 100% | 35,00% | 0% |

(Steiner, 2010, p.48)

The majority of Shell's total oil spills during 2000-2009 have occurred in Nigeria. In fact, during the period 2003-2009, 61% of Shell's total volume was spilled in Nigeria. SPDC oil spills in Nigeria have increased in line with its oil exploration and

production. Throughout the years 2000 to 2005 there was an increase in the total number of oil spills. The highest number was recorded in 2000, with a reported 339 oil spills and 30,751 tonnes of oil spilled. Since 2005, SPDC has averaged 175 oil spills a year (Shell, 2010a). During the period 2003-2009, 61% (Steiner, 2010) of Shell's total volume of oil spills was spilled in Nigeria. In its 2007 sustainability report, Shell (2007, p.20) states that:

Spills from oil tankers attract the most public attention but are thankfully rare. Less dramatic but more frequent – are spills at our facilities.

Appendix 2

Corresponding to Chapter 6 - Structure of the documents

Table 1: Response Letter

| <i>Aspect</i> | <i>Description of text</i> |
|-------------------------------------|--|
| <i>Title</i> | 'Letter from a major shareholder' 31 st May 2010 |
| <i>Graphic Design</i> | 15 pages, graphs and images |
| <i>Content on oil spills</i> | <p>This letter was Shell's response to a major shareholders interested about their activities in Nigeria. The content of the letter is centred on oil spills.</p> <p>Information on the number, volume, location and timing of oil spills in the period 2000 to 2009 is presented.</p> <p>Images of oil-spill fields are also provided. The majority of images are of oil spills as a result of sabotage and theft. Other images include examples of a spill site before and after clean-up. Shell does not state whether those sites are cleaned up after acts of sabotage or their operational failures.</p> |
| <i>Summary</i> | The letter provides aggregate information on oil spills for the period 2000-2009. Shell (2010) states that "this was a detailed response to a major shareholder that had asked us for additional information about SPDC's activities in the Niger Delta". For privacy reasons, the details and addresses of the shareholder/s have been removed in the letter. |

Table 2: SPDC Annual Reports Summary

| <i>Aspect</i> | <i>Description of the text</i> |
|-------------------------------------|---|
| <i>Title of the report</i> | ‘People and the Environment’ Annual Report |
| <i>Graphic Design</i> | The annual reports for the selected period are typically around 35 pages long and include pictures and graphs. The first page of every report starts with the title and an image over the entire page. Images vary from year to year and include people, children and nature. |
| <i>Content on oil spills</i> | A detailed section titled ‘Oil spills’ is included in the reports. SPDC publicly reports on oil spills using text and graphics. This includes the number of oil spills, volume and cause. Usually, data for the past five years is disclosed in each report. A section titled ‘Preventing oil spills’ includes a description of Shell’s actions to prevent any future spills. |
| <i>Summary</i> | SPDC discloses a substantial amount of detail on oil spills through annual reports. The amount of disclosure has substantially increased from 2000 to 2009. |

Table 3: Shell Sustainability Reports Summary

| <i>Aspect</i> | <i>Description of text</i> |
|-------------------------------------|--|
| <i>Title of the report</i> | The title of the report varies from year to year. However, most frequently they use the title ‘The Shell Sustainability Report: Meeting the Energy Challenge’. |
| <i>Graphic design</i> | The number of pages varies. However, reports are typically around 40-50 pages long. Photos, graphs and tables are included |
| <i>Content on oil spills</i> | The reports contain a section on oil spills and SPDC operations. The volume, number and cause of spills are disclosed. Graphical representation includes spills and volume for the past five to seven years. However, this disclosure does vary from year to year. |
| <i>Summary</i> | <p>Although Shell operates in many countries, its operations in Nigeria receive a special section. From 2004 Shell started to provide an additional section titled ‘Location Reports’ – and an entire page is dedicated to SPDC’s operations in Nigeria. Nigeria and SPDC operations are well documented in reports.</p> <p>A section of the reports titled ‘Tell Shell’ allows the general public to comment/ask questions about Shell’s operations. In SSR 2000, p.27, they state that major topics of interest continue to be renewables, Nigeria and a range of environmental issues. Comparing the 2000 report to the 2009 shows that there is more disclosure as the years progress.</p> |

Appendix 3

Table 1: Shell and SPDC Reports Used in This Research

| Shell (SPDC) (AR) | Shell (SR) |
|---|---|
| People and the Environment Annual Report (2000) | People, Planet & Profits The Shell Report (2000) |
| People and the Environment Annual Report (2001) | People, Planet & Profits The Shell Report (2001) |
| People and the Environment Annual Report (2002) | Meeting The Energy Challenge The Shell Report (2002) |
| People and the Environment Annual Report (2003) | The Shell Report (2003) Meeting the energy challenge – our progress in contributing to sustainable development |
| People and the Environment Annual Report (2004) | The Shell Report (2004) Meeting the energy challenge – our progress in contributing to sustainable development |
| People and the Environment Annual Report (2005) | The Shell Sustainability Report (2005) Meeting the energy challenge |
| People and the Environment Annual Report (2006) | Meeting The Energy Challenge -The Shell Sustainability Report (2006) |
| Not Available | Responsible Energy The Shell Sustainability Report (2007) |
| Not Available | Royal Dutch Shell Plc Sustainability Report (2008) Responsible Energy Sustainability Report |
| Not Available | Sustainability Report – Royal Dutch Shell Plc Sustainability Report (2009) or just Shell |
| Not Available | Sustainability Report – Royal Dutch Shell Plc Sustainability Report (2010) |

Table 2: NGOs Reports Used in This Research

| NGO | Title of Report |
|---|--|
| FoE | <p><i>Clashes with corporate giants, 22 campaigns for biodiversity and community Report (2002a)</i></p> <p><i>Failing the challenge - The other Shell Report (2002b)</i></p> <p><i>Behind the shine - The other Shell Report (2003)</i></p> <p><i>Lessons not learned The other Shell Report (2004)</i></p> <p><i>Shell's Big Dirty Secret - Insight into the world's most carbon intensive oil company and the legacy of CEO Jeroen van der Veer (2009)</i></p> |
| AI | <p><i>Nigeria: Petroleum, Poverty and Pollution in the Niger Delta (2009)</i></p> |
| FoE Netherlands – Richard Steiner | <p><i>Double standard: Shell Practices in Nigeria Compared with International Standards to Prevent and Control Pipeline Oil Spills and the Deepwater Horizon Oil Spill (2010)</i></p> |
| Christian Aid International Development Charity | <p><i>Behind the Mask: The real face of corporate social responsibility (2004)</i></p> |

Appendix 4

Shareholders Response Letter³⁵



Royal Dutch Shell plc
PO Box 162
2501 AN The Hague
The Netherlands
Tel +31(0)70377 4540
Fax +31(0)70377 3115
Internet <http://www.shell.com>

The Hague, 31st May 2010

Dear Mrs and Mr ,

Thank you for your letter of 23 April 2010 to Royal Dutch Shell plc, in which you ask for information on Shell's activities in the Niger Delta.

Let me start by saying that we are committed to a high level of openness and transparency. We welcome the opportunity to update you on Shell's activities in Nigeria, and look forward to a continued dialogue with

Your letter centers on oil spill issues related to operations in Nigeria, and we understand that your questions are directed at Shell's onshore activities there. However, let me briefly update you on the Shell Nigeria portfolio overall, where various Shell companies are involved in three distinct activities, and produced 281,000 barrels of oil equivalent (boe) per day in 2009 (Shell equity share). It is important to look at the total picture in a country where in fact many of Shell's activities have been very successful for many years.

- ***Shell Nigeria Exploration & Production Company Ltd (SNEPCO)***
Deep water oil & gas exploration and production. SNEPCO has interests in three deep-water blocks, with oil and gas production at the Shell-operated Bonga field (SNEPCO 55%), and the ExxonMobil-operated Erha field (SNEPCO 43.75%). Both of these fields are being produced by an FPSO, with offshore loading of oil, and gas pipelines back to the onshore. Bonga came on stream in 2005 and Erha in 2006, there have been no significant spill volumes associated with these operations to date. The ongoing spill in the Gulf of Mexico highlights the critical importance of the most stringent safety and integrity management procedures for such Deep water operations.

³⁵ Accompanied by appendix at the back of the letter.

- ***Nigeria LNG Ltd (NLNG)***
Shell has a 25.6% stake in NLNG, which is a 6 train LNG facility at Bonny Island. The venture is not operated by Shell, but has not recorded any spills to date.
- ***Shell Petroleum Development Company of Nigeria Ltd (SPDC)***
The activities in the Niger Delta to which your letter pertains are undertaken by an unincorporated joint venture (the “JV”) in which the Nigerian state oil company NNPC holds a majority share of 55%. The Shell Petroleum Development Company of Nigeria Ltd, the operator of the joint venture, has a 30% share. The other JV participants are Total E&P Nigeria Ltd (10%) and Nigerian Agip Oil Company Ltd (5%). The JV has onshore and near-offshore oil & gas production assets in the Niger Delta, and produced some 470,000 boe per day in 2009 (100% basis). Earnings after taxation for Shell are typically just US\$2-3 per barrel of oil equivalent produced from the JV’s operations, which is substantially below the average realization of Shell’s upstream worldwide. The Government share of cash generated, through taxation and their direct NNPC equity share, amounted to some \$47 per barrel of oil equivalent produced in 2009, after costs. In addition to well publicized security challenges impacting this JV, there are also funding issues. The JV has suffered from a funding shortfall in recent years from the Government partner. Alternative funding arrangements have been negotiated for some investments to allow the IOC partners to provide financial “carry” for the Government partner, this has allowed certain projects to go forward.

We understand that the questions in your letter are aimed at getting a clearer picture of the JV described above, and we will address that in the next section on the basis of information provided by SPDC.¹ However before we do so, please be assured that SPDC is committed to taking all reasonable action within its powers to avoid oil spills and reduce environmental impacts from the JV’s operations in the Niger Delta.

Before specifically addressing the issue of spills, let me provide some context around the challenges of operating in the Niger Delta - a flat, low-lying swampy area bigger than Belgium and the Netherlands combined, criss-crossed by a dense network of meandering rivers and creeks. It has historically been politically fragmented, with conflict between villages and ethnic groups a common experience. Several decades of oil and gas operations in the Niger Delta have generated hundreds of billions of dollars in revenue for the Nigerian government. However, the overwhelming majority of the Delta population - 30 million and growing rapidly - remain poor: they lack basic services like running water and electricity, unemployment is high, and access to schools and health care is limited. As the World Bank’s Vice President for the Africa Region Obiageli Ezekwesili noted in 2008 in the context of a meeting with local government officials, ‘the Niger Delta region is a major development challenge. States of the region have more resources than other states in Nigeria, yet poverty remains high (43%), and human development indicators are very poor.’²

¹ Royal Dutch Shell plc itself, as a listed holding company, does not engage in operating activities, and is not involved in the operations in Nigeria discussed in this letter.

² <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/NIGERIAEXTN/0,,contentMDK:21628216~menuPK:368916~pagePK:2865066~piPK:2865079~theSitePK:368896,00.html>

Frustrated by what they see as a lack of benefits from oil production, individuals and (groups within) local communities have in recent years increasingly targeted the operations of energy companies, including those of the JV, demanding better public services and a greater share of government revenues. Heavily armed and well-organised groups attack oil and gas facilities in the Niger Delta, shut down operations, kidnap staff and sabotage pipelines. Rival gangs and ethnic groups have clashed violently in several of the Delta's towns. Some of the oil theft is crudely organized, but much is highly sophisticated organized crime, with barges taking stolen oil to tankers waiting offshore for export.

All this has seriously impacted oil production in the region, created major environmental pollution and reduced government revenues that could be used to develop infrastructure and services. An understanding of the root causes of this militant violence and theft – poverty, unemployment, corruption and a lack of basic social services – is fundamental to any assessment of the situation in the Niger Delta. The oil and gas industry provides the government with revenues that could help finance development in the Niger Delta, but these root causes can only be resolved through government action.

Responses to the specific questions raised in your letter

Kindly provide a summarised overview of the physical infrastructure under your company's control, management or operation that is relevant in a crude oil spill context, such as the number of wells, number of flowstations, lengths of flow lines, lengths of pipelines, etc as well as an indication of the locations of these various facilities and which period(s) they have been or are operational.

The JV's operations are in shallow water and onshore in the Niger Delta, and are spread over an area of approximately 30,000 square kilometres. Its facilities include a network of more than 6,000 kilometres of flow lines and pipelines, 90 oil fields, 1,000 producing wells, 72 flow stations, 10 gas plants and two major oil export terminals at Bonny and Forcados. A map showing the key facilities currently operated by the JV is in Appendix 1. Although this demonstrates that the JV's operations are spread throughout the Niger Delta region, it is important to note that the JV's operational footprint - depots, flow stations, pipelines etc – directly impacts only a small fraction of the Niger Delta land; around 0.6%.

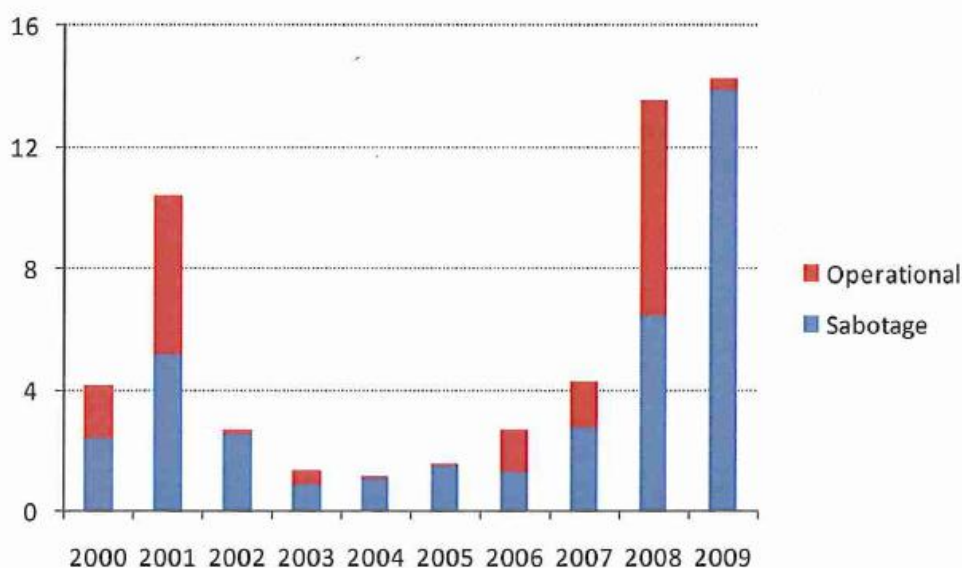
Kindly provide information on the numbers, volumes, locations and timings of crude oil spills in the period 2000 to date associated with the past and current operations under your company's control, management or operation.

Over the last five years the JV has recorded 875 spills totalling 36.4 thousand tonnes (around 270,000 barrels). Over this period more than 70% of the spills and related volumes were the result of sabotage and theft, which increased to 98% in 2009. I will address some of the themes from these spills here.

Major events in the past decade include a series of attacks that, in early 2006, forced the JV to shut down most of its operations in the western delta. As a result of these and other attacks, Nigeria has lost a substantial amount of its oil production – estimated at more than 400 million barrels of production between 2006-2008. In September 2007 the JV began restarting its western delta operations. Work is ongoing though security problems continue, and the threat to people working in oil and gas operations in the delta remains real. The JV has capacity to produce some 1 million barrels of oil per day on an average. However it only produced an average of some 470,000 barrels a day in 2009, due to security and funding issues, a loss of revenue to the Nigerian government of over \$35 million a day. Theft and sabotage has also impacted infrastructure - about 500 kilometres of flow lines (the pipes that carry oil from the well to processing facilities) have been stolen in the western delta since February 2006 – and caused major environmental pollution.

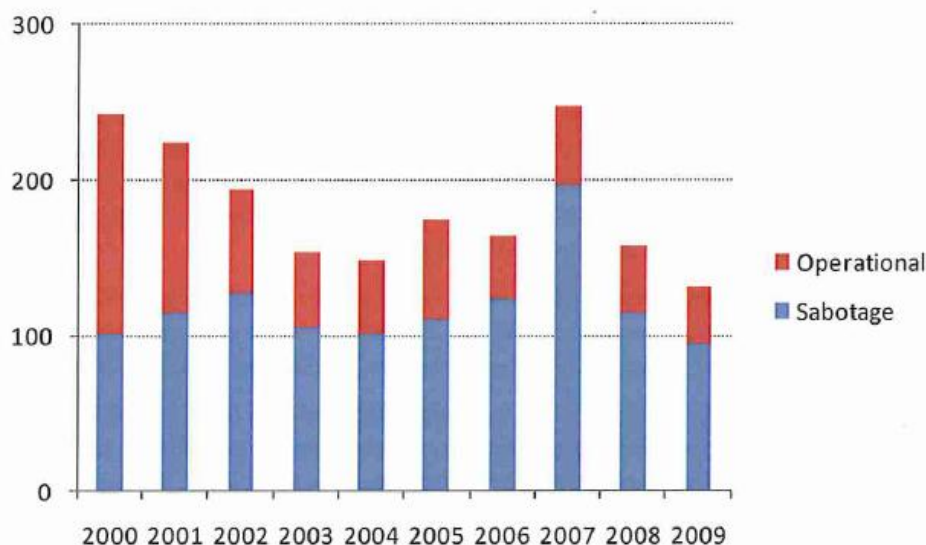
The graphs below give a more detailed overview of JV oil spills from 2000- 2009, detailing the number of spills and the related volumes of oil.

Figure 1: spills in thousand tonne by category³



³ One tonne of oil converts to 7.4 barrels

Figure 2: number of spills by category



As these statistics show, an increasing majority of oil spill volumes in the Niger Delta is the result of sabotage or theft. These two causes accounted for more than 70% of the oil spilled over the period 2005-2009, and for 98% of the spill volume in 2009. “Sabotage/theft” covers a wide range of causes, from relatively minor leaks caused by local people seeking compensation or the benefit of clean-up contracts, to the massive, professionally organized theft of oil and natural gas liquids. However, less than 30% of spill volumes in the last five years have been due to operational failures, such as pipeline corrosion, equipment failure and human error. The major spill in 2008 (responsible for more than 80% of the operational spill volumes shown in figure 1) was the result of an accident that occurred whilst trying to repair a leak that had historically been caused by sabotage. SPDC has been working hard to minimise spills due to operational failures, and only 2% of the 2009 spills were caused by these issues.

The impact of spills, irrespective of their cause, is often increased in practice because groups and individuals in communities deny SPDC access to spill sites. There are various reasons why this may occur: anger and frustration over the impact of the leak or poverty in the Delta may play a part, but denial of access is often economically motivated. In such cases, communities or groups may block access to strengthen their hand in negotiations on the construction of infrastructure, to win clean-up contracts or to extract greater compensation. Whatever the reason, delays in granting access to spill response teams can significantly increase the impact of a spill.

Kindly provide a description of your company's past and present prevention, mitigation, remediation and monitoring procedures relevant to crude oil spills.

To prevent operational spills the JV operates a programme designed to ensure that equipment and infrastructure are kept in good condition. In 2009, it replaced 318 km of flowlines and pipelines (trunk and delivery lines). All of the JV's major facilities have been independently certified to international standards (ISO14001). SPDC, as operator of the JV, works with communities by establishing better contacts and involving them in monitoring facilities in their area. SPDC has pipeline and asset surveillance contracts with the communities to ensure they discover and react to spills as quickly as possible. More than 9,000 people are employed at this.

When an oil spill does occur, a joint investigation team (JIT) – comprising representatives from impacted communities, the government and SPDC – is mobilised as fast as possible. The JIT assesses the cause, impact and extent of the spill, and the findings are recorded in the field records.

For all controllable spills (i.e., spills of which the cause is attributable to SPDC) the JIT assesses the extent of damage and compensation is negotiated between the company and affected landowners. Under Nigerian law, SPDC is not obliged to pay damages in cases of sabotage. In line with its obligations, SPDC is committed to cleaning up all spills - whatever the cause- and remediating the land.

In general terms, clean up involves preparing the site, removing dead vegetation and debris, recovering any residual crude oil and excavating and removing heavily impacted soil. Remediation aims to restore the land to the standard required by applicable regulation (DPR EGASPIN guidelines). Following completion, the remediation is certified by the competent Nigerian regulatory bodies. After the Joint Investigation Visit, to the extent SPDC is permitted access to the site, containment and recovery of free-phase oil – that is, oil on the surface of land or water – continues; once this is complete, the site is re-assessed to establish those areas requiring further clean-up. Contracts for this work are then awarded to competent community contractors. In practice, clean up and remediation activities are often delayed as a result of access problems similar to those encountered by SPDC in spill response.

SPDC's decision to use local community contractors has the additional benefit of promoting partnerships between the company and the community and enhancing economic empowerment. SPDC is also committed to maximising Nigerian content and building the skills capacity of the Nigerian workforce, and employing community contractors is part of this commitment.

Over the years, as the problem of sabotage and theft has escalated, the JV has steadily increased the manpower and financial resources available to deal with the resulting clean-up and remediation work. In 2009, SPDC further strengthened its spill clean-up and remediation capability by creating a new integrated remediation team covering environmental, legal, engineering and data assurance.

Kindly provide a list of the above spills and spill sites where adequate clean-up operations were not done, either no clean up at all or only partly clean up, and the reason(s) for the lack of adequate clean-up.

Since 2005, the JV has been dealing with an average of 175 spills a year with an average spill volume of around 300 barrels. In 2009, it remediated and obtained certification for 143 spill sites, while at year-end a further 439 sites remained in various stages of completion. As at January 2010 some of the 439 sites required both clean-up and remediation, while others required only remediation. From January to April 2010, about 75 sites of the 439 have been certified. The certification process is a close out action, confirming that the sites require no further remedial action.

The JV has been unable to complete the remediation of six remaining pre-2005 spills sites because of access difficulties (including security concerns) and community issues. However, work is presently underway on two of these locations. All of these sites are in Ogoniland where SPDC has had no production since 1993 due to the community disturbances and tragic events that happened at the time and in the following years. In the spirit of reconciliation between SPDC and the Ogoni people, the Federal Government of Nigeria invited the United Nations Environmental Programme (UNEP) to establish the environmental status of Ogoni land. SPDC is funding the study, which was approved by the Nigerian President in April 2009. Reconnaissance work started in late 2009, with the scientific survey, including wider environmental issues, local institutional/capacity-building and public awareness-raising, all scheduled for Q3-Q4 2010.

In order to give additional insight into the difficulties of cleaning up spills, the appendices include some recent examples as well as photographs illustrating the complex situation in the Niger Delta. For further information on the general operating environment and Shell companies activities in Nigeria please also refer to the enclosed briefing notes.

We hope that this letter addresses your concerns and will also provide a basis of information and understanding from which to assist the Council on Ethics in its advice to the Ministry of Finance on the Norwegian Government Pension Fund - Global.

We would be pleased to organise a meeting with you and relevant Shell staff to give further understanding of SPDC's efforts to deal with oil spills in Nigeria, and of course we would be delighted to arrange a visit to Shell's Nigeria operations. We look forward to hearing from you whether such a meeting or visit would be of interest to you.

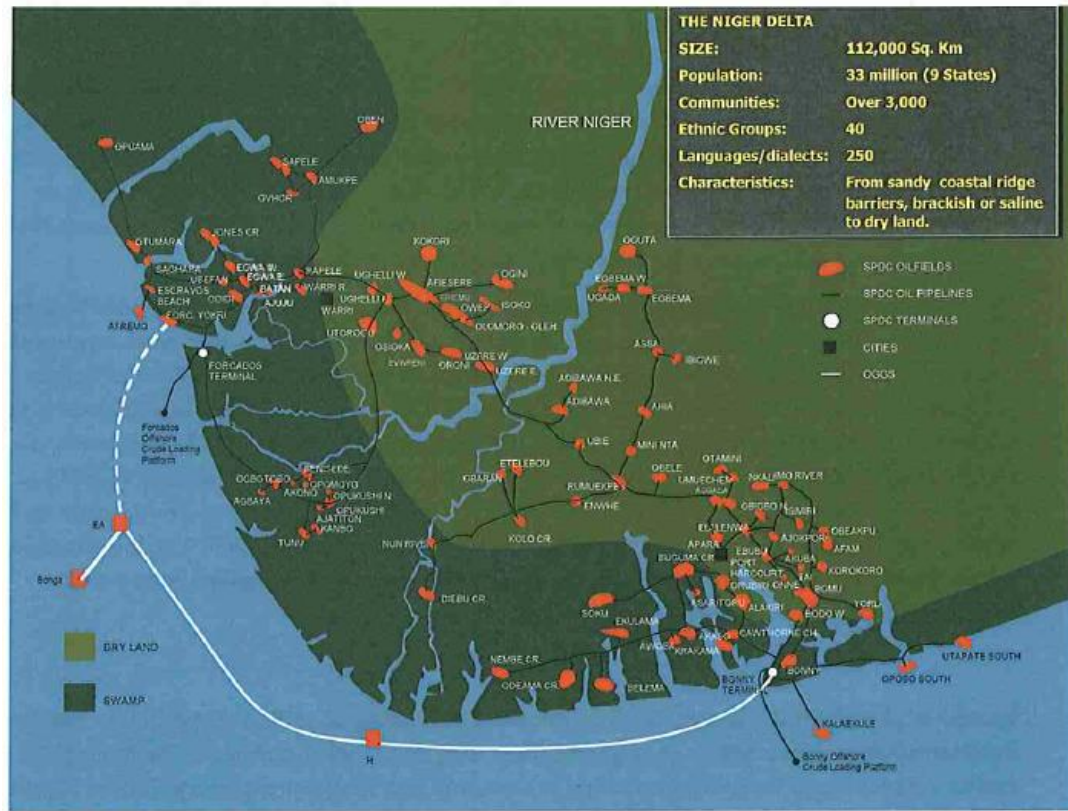
Yours sincerely,

Royal Dutch Shell plc,



Dr. J.J. Traynor
Executive Vice President Investor Relations

Appendix 1 : Shell companies interests in Nigeria



Appendix 2: examples of recent oil spills

In 2009, about 103,000 barrels were spilled from JV facilities in 95 incidents involving sabotage or theft. The estimated total volume of oil spills from operational failures in 2009 was about 2,300 barrels from 37 incidents. Two large spills, at Odidi and Trans Escravos Pipeline, both caused by sabotage and both of which are discussed below in some detail, accounted for 80% of oil spilled in 2009. The Odidi spill alone was responsible for two-thirds of the oil spilled in 2009. In 2009, SPDC remediated and certified 143 spill sites. More than 72,000 barrels of spilled oil was recovered in clean-up operations. Community activities delayed SPDC access to more than a quarter (39) of the spill sites, holding up work for over 300 days.

Odidi 36 well head spill, Delta State

The JV was first alerted to this spill on 13 August 2009. Crude oil thieves caused a blowout at the Odidi 36 wellhead that spilled an estimated 78,000 barrels before a specialist well control company was able to bring it under control after 98 days. The thieves had vandalised the safety valves that would normally allow the emergency response team to shut off the flow of oil. Specialist contractors Boots and Coots (B&C) were called in to close the leak. They had to create and maintain a safe zone to work while contending with changing conditions such as wind direction, tidal movements and security concerns over possible attacks from militants. Initial quick action by SPDC to contain the area with booms limited the spill to the immediate surroundings of the well and almost all of the leaked oil was recovered.

As SPDC and B&C worked to control and repair the blow out at Odidi 36 and to clean up the leaked oil, thieves caused another blowout that caught fire at Jones Creek 47T wellhead on September 2, 2009. B&C turned its attention to this new emergency, while SPDC continued the cleanup operation at Odidi. B&C needed to dredge the area around JC 47 to gain access for the emergency equipment needed to cut out the wellhead and stop the fire. It took 56 days to put out the fire and repair the wellhead. As all oil was burnt off at the point of fire, no oil leaked into the surrounding area.

Appendix 3: Soku gas plant

Before the shut in, the Soku gas facility it supplied 40% of the feed gas to the NLNG plant at Bonny. In November 2008, the Soku facility was shut in to repair damage caused by thieves persistently stealing condensate from the facility's pipelines. The repairs were essential to ensure the safety and security of staff, contractor staff and communities. The shutdown significantly impacted the revenue streams coming from the NLNG plant.

Work to repair the pipelines and redirect condensate exports through the gas export lines at Soku continued throughout most of 2009. SPDC, as operator of the JV, removed more than 300 illegal taps on the condensate export lines, some of which were located right up to the perimeter fence where the thieves could take advantage of higher pipeline pressure to steal greater volumes faster. This is despite the presence of state security forces in the area. The theft caused extensive environmental damage – although it is impossible to estimate how much condensate has been spilled around the facility, its impact is clear to see. The land inside the perimeter fence is green with grass, whereas the surrounding area immediately outside the fence is soaked with hydrocarbons and blackened – the result of frequent fires, which in some cases, have claimed the lives of those who tried to steal condensate. The area is now under remediation, subject to security conditions.

Soku Gas Plant: late 2008 picture of Soku gas facility – theft has spilled condensate and caused extensive environmental damage



Appendix 4: visual examples

Pictures of sabotage and theft causing environmental damage



Pictures of sabotage causing environmental damage – Cluster 11 in 2009



Pictures of theft – bunkering hoses connected from the Krakama manifold to a vessel



Pictures of sabotage Jones Creek 47 in 2009 – initial blaze and efforts after road construction



Example of a spill site prior to clean up and remediation in January 2009



The same example spill site as at February 2010



Example of a spill site during clean up



The same example spill site at the end of December 2009



REFERENCES

- Abayo, A, Adams, C and Roberts, C 1993, 'Measuring the Quality of Corporate Disclosure in Less Developed Countries: The Case of Tanzania', *Journal of International Accounting Auditing and Taxation*, Vol. 2, pp. 145-58.
- Abbink, J and Salverda, T 2012, *The Anthropology of Elites Power, Culture, and the Complexities of Distinction*, Palgrave Macmillan, New York.
- Abuja, OD 2008, 'Nigeria Country recorded 1,260 Oil Spills in Three Years', available from <http://allafrica.com/stories/200808050547>, accessed: 2008, September 14.
- Adams, CA and McPhail, KJ 2004, 'Reporting and the politics of difference: (non) disclosure on ethnic minorities', *Abacus*, Vol. 40, No. 3, pp. 405-35.
- Adams, CA and Harte, GF 1998, 'The changing portrayal of the employment of women in British banks' and retail companies' corporate annual reports', *Accounting Organizations, and Society*, Vol. 23, No.8, pp.781-812.
- Adams, CA, Hill, WY and Roberts, CB 1998, 'Corporate social reporting practices in Western Europe: legitimating corporate behaviour'? *British Accounting Review*, Vol. 30, pp.1-21.
- Adesnik, D 2007, 'Ignoring Nigeria', *The Weekly Standard*; Vol.12, No. 33 (May 14), Academic Research Library.
- Adibe, EC and Essagha, AAE 1999, *Environmental Impact Assessment in Nigeria* (Vol.2), Immaculate Publications Limited, Enugu.
- Ajao, EA and Anurigwo, S 2002, 'The Impact of Accidental Oil Spill on Cultivated and Natural Vegetation in a Wetland Area of Niger Delta, Nigeria', *AMBIO: Journal of the Human Environment*, Vol. 31, No. 5 (August), pp. 441-442.
- Alapiki, HE 2004, 'The Environment and Sustainable Development', in Alapiki, H.E. (ed), *The Nigerian Political Process*, Amethyst and Colleagues Publishers, Port Harcourt, Nigeria.
- Amernic, J, Craig, R and Tourish, D 2010, 'Measuring and Assessing Tone at the Top Using Annual Report CEO Letters', The Institute of Chartered Accountants of Scotland, CA House, Edinburgh, UK, available from: <http://www.icas.org.uk/site/cms/contentviewarticle.asp?article=6836>], accessed: January 5, 2013.

Amernic, J and Craig, R 2006, *CEO Speak: The Language of Corporate Leadership*, McGill-Queen's University Press, Montreal.

Amnesty International 2009, *Nigeria: Petroleum, Pollution and Poverty in the Niger Delta*, available from <http://www.amnesty.org/en/library/asset/AFR44/017/2009/en/e2415061-da5c-44f8-a73c-a7a4766ee21d/afr440172009en.pdf>, accessed: August 5, 2010.

Amnesty International 2012, *Nigeria: Oil spill investigations 'a fiasco' in the Niger Delta*, available from <http://www.amnesty.org/en/news/nigeria-oil-spill-investigations-fiasco-niger-delta-2012-08-02>, accessed: September 2, 2010.

Amnesty International 2013, *Nigeria: Oil giant Shell criticized over Niger Delta pipelines 'sabotage' claims*, 19 June, available from <http://www.amnesty.org/en/for-media/press-releases/nigeria-oil-giant-shell-criticized-over-niger-delta-pipelines-sabotage-clai>, accessed: September 5, 2013.

Andrew, BH, Gul, F, Guthrie, JE and Teoh, HY 1989, 'A note on corporate social disclosure practices in developing countries: The case of Malaysia and Singapore', *British Accounting Review*, Vol.21, No.2, pp.371-376.

Andrew, J 2000, 'The accounting craft and the environmental crisis: reconsidering environmental ethics', *Accounting Forum*, Vol.24, No.2, pp.197-222.

Andrew, J 2001, 'Environmental Accounting and Accountability: Can the Opaque be Transparent?', *Interdisciplinary Environment Review*, Vol.2, No.2, pp.201-216.

Arrington, CE and Watkins, AL 2002, 'Maintaining "Critical Intent" Within a Postmodern Theoretical Perspective on Accounting Research', *Critical Perspectives on Accounting*, Vol.13, No.2, pp.139-157.

Arrington, CE and Francis, JR 1993, 'Giving economic accounts: accounting as cultural practice', *Accounting, Organizations and Society*, Vol. 18, No. 2-3, pp. 107-124.

Arnold, P and Hammond, T 1994, 'The Role of Accounting in Ideological Conflict – Lessons from the South African Disinvestment Movement', *Accounting, Organizations and Society*, Vol. 19, No. 2, pp. 111-26.

Arslan, DA 2005, 'Elite Theory Applied To Contemporary Turkish Society', *International Journal of Human Sciences*, Vol.2, Iss. 2.

Arslan, DA 2006, 'The Turkish Power Elite', *International Journal of Human Sciences*, Vol.3, Iss. 1.

Barako, DG, Hancock, P and Izan, HY 2006, 'Factors Influencing voluntary corporate disclosure by Kenyan companies', *Corporate Governance: An International Review*, Vol. 14, Iss.2, pp.107 - 25.

Barham, C 2010, *Save Pebble Droppers and Prosperity*, Eloquent Books, Durham.

Bareham, R 1996, 'Shell heads ten worst list', *Alternatives Journal*, Vol.22, No.3, (July/August), p.2.

Beams, FA and Fertig, PE 1971, 'Pollution control through social costs conversion', *Journal of Accountancy*, Vol.141, pp.37-42.

Bebbington, J, Larrinaga, C and Moneva, JM 2008, 'Corporate social reporting and reputation risk management', *Accounting, Auditing & Accountability Journal*, Vol, 21 No. 3, pp. 337-361.

Bebbington, J, Gray, R and Owen, D 1999, 'Seeing the wood for the trees taking the pulse of social and environmental accounting', *Accounting, Auditing & Accountability Journal*, Vol. 12, Iss. 1, pp. 47-51.

Belal, A and Owen, D 2007, 'The Views of Corporate Managers on the Current State of, and Future Prospects for, Social Reporting in Bangladesh: An Engagement-based Study', *Accounting, Auditing & Accountability Journal*, Vol. 20, No. 3, pp. 472-94.

Belal, AR 2001, 'A Study of Corporate Social Disclosures in Bangladesh', *Managerial Auditing Journal*, Vol. 16, No. 5, pp. 274-89.

Belal, AR 1999, 'Corporate social reporting in Bangladesh', *Social and Environmental Accounting*, Vol. 19, No.:1, pp.8-12.

Berger, PL and Luckmann, T 2004, *Den sociale konstruktion af virkeligheden – en videnssociologisk afhandling*, Akademisk Forlag, Copenhagen.

Bhatia, VK, Flowerdew, J and Jones, RH 2008, *Advances in Discourse Studies*, Routledge Taylor and Francis Group, London and New York.

Birkland, AT and Lawrence, RG 2002, 'The Social and Political Meaning of the Exxon Valdez Oil Spill', *Spill, Science and Technology Bulletin*, Vol. 7, No. 1-2, pp.17-22.

Blommaert, J 2005, *Discourse: A Critical Introduction*, Cambridge University Press, Cambridge.

Boele, R, Fabig, H and Wheeler, D 2001 'Shell, Nigeria and the Ogoni. A study in Unsustainable Development: I. the Story of Shell, Nigeria and the Ogoni people –

Environment, Economy, Relationships: Conflict and Prospects for Resolution', *Sustainable Development*, Vol.9, pp.74-86.

Boesso, G and Kumar, K 2007, 'Drivers of corporate voluntary disclosure, A framework and empirical evidence from Italy and the United States', *Accounting, Auditing & Accountability Journal*, Vol.20, No. 2, pp.269-296.

Bottomore, T 1993, *Class and Elite Theory*, Routledge, London.

Bottomore, T 1991, *Elites and Society*, Routledge, London.

Boyce, G 2000, 'Public discourse and decision making exploring possibilities for financial social and environmental accounting', *Accounting, Auditing & Accountability Journal*, Vol. 13, No. 1, pp. 27-64.

Birley, M 2005, 'Health impact assessment in multinationals: A case study of the Royal/Dutch Shell Group', *Environmental Impact Assessment Review* 25, pp.702-713.

Blommaert, J and Bulcaen, C. 2000, 'Critical Discourse Analysis', *Annual Review of Anthropology*, Vol. 29, pp. 447-466.

Buhr, N 2007, 'Histories of and rationales for sustainability reporting' in Unerman, J., Bebbington, J. and O'Dwyer, B. (eds), *Sustainability Accounting and Accountability*, Routledge, Oxford and New York.

Buhr, N and Reiter, S 2006, 'Ideology, the environment and one worldview: a discourse analysis of Noranda's environmental and sustainable development reports', *Advances in Environmental Accounting and Management*, Vol. 3, pp. 1-48.

Buhr, N 1998, 'Environmental performance, legislation and annual report disclosure: the case of acid rain and Falconbridge', *Accounting, Auditing & Accountability Journal*, Vol. 11, No.2, pp. 163-190.

Buyse, K and Verbeke, A 2003, 'Proactive Environmental Strategies: A Stakeholder Management Perspective', *Strategic Management Journal*, Vol. 24, No. 5 (May), pp. 453-470.

Brenneman, WB, Keys, BJ and Fulmer, RM 1998, 'Learning Across a Living Company: The Shell Companies' Experiences', *Organizational Dynamics*, Autumn, pp.61-69.

Brym, JR and Lie, J 2009, '*Sociology your compass for a new world*', Cengage Learning, Wadsworth.

Brown, J 2006, 'Niger Delta bears brunt after 50 years of oil spills', available from <http://www.independent.co.uk/news/world/africa/niger-delta-bears-brunt-after-50-years>, accessed: June 15, 2008.

Cambridge Dictionary 2010, <http://dictionary.cambridge.org/dictionary/british/sabotage>, Cambridge University Press. accessed: November 7, 2010.

Campbell, D and Beck, AC 2004, 'Answering allegations: the use of corporate website for restorative ethical and social disclosure', *Business Ethics A European Review*, Vol. 13, No.2/3 (April/July).

Campbell, D, Moore, G and Shrives, P 2006, 'Cross-sectional effects in community disclosure', *Accounting, Auditing & Accountability Journal*, Vol. 19, No. 1, pp. 96-114.

Central Intelligence Agency – The World Factbook (2012), – *Nigeria*, available from <https://www.cia.gov/library/publications/the-world-factbook/geos/ni.html>, accessed: August 5, 2012.

Christian Aid 2004, *Behind the mask, the real face of corporate social responsibility* available from http://www.st-andrews.ac.uk/media/csear/app2practice-docs/CSEAR_behind-the-mask.pdf, accessed: April 14, 2012.

Cho, CH 2009, 'Legitimation strategies used in response to environmental disaster: A French case study of Total SA's Erika and AZF Incidents', *European Accounting Review*, Vol.18, No.1, pp.33-62.

Cho, CH and Patten, DM 2007, 'The role of environmental disclosures as tools of legitimacy: A research note', *Accounting, Organizations and Society*, Vol.32, No.7–8, pp.639–647.

Choi, JS 1999, 'An investigation of the initial voluntary environmental disclosures made in Korean semi-annual financial reports', *Pacific Accounting Review*, Vol. 11, No.1, pp.73-102.

Chouliaraki, L and Fairclough, N 1999, *Discourse in Late Modernity: Rethinking Critical Discourse Analysis.*: Edinburgh University Press, Edinburgh.

Chua, WF 1986, 'Radical Developments in Accounting Thought', *The Accounting Review*, Vol. 61, No. 4, pp. 601-632.

Churchman, CW 1971, 'On the facility, felicity, and morality of measuring social change', *Accounting Review*, Vol.46, No.1, pp.30-5.

Clegg, S 1989, *Frameworks of Power*. Sage, London.

Clegg, S 1975, *Power, rule and domination*, Routledge and Kegan Paul, London.

Collison, DJ 2003, 'Corporate propaganda: its implications for accounting and accountability', *Accounting, Auditing & Accountability Journal*, 2003, Vol.16, No.5, pp.853-886.

Constitution of the Federal Republic of Nigeria 1999, available from <http://www.nigeria-law.org/ConstitutionOfTheFederalRepublicOfNigeria.htm>, accessed: October 10, 2010.

Cooper, S and Owen, D 2007, 'Corporate Social Reporting and Stakeholder Accountability: The Missing Link', *Accounting Organizations and Society*, Vol. 32, No.7-8, pp. 649-67.

Cormier D, Gordon, IM and Magnan, M 2004, 'Corporate environmental disclosure: Contrasting management's perceptions with reality'. *Journal of Business Ethics*, Vol.49, pp.143–165.

Corporate Human Rights Abuse 2008, available from http://www.ccrjustice.org/files/royal%20dutch%20shell%20factsheet_0.pdf accessed: May 15, 2008.

Cortese, CL, Irvine, HJ and Kaidonis, MA 2010, 'Powerful players: How constituents captured the setting of IFRS 6, an accounting standard for the extractive industries', *Accounting Forum*, Vol. 34, pp. 76-88.

Cousins, J and Sikka, P 1993, 'Accounting for Change: Facilitating Power and Accountability', *Critical Perspectives on Accounting*, Vol.4, pp.53-72.

Cowen, SS, Ferreri, LB and Parker, LD 1987, 'The impact of Corporate Characteristics on Social Responsibility Disclosure: A Typology and Frequency-based Analysis', *Accounting Organizations and Society*, Vol. 12, No.2, pp.111-122.

Craig, R, Lehman, G, Milne, M and Tredgidge, H 2010, Analysing the quality, meaning and accountability of organisational reporting and communication, Call for papers for Special Issue of *Accounting Forum*.

Craig, RJ and Amernic, J 2008, 'A privatization success story: accounting and narrative expression over time', *Accounting, Auditing & Accountability Journal*, Vol. 21, No. 8, pp.1085.

Craig, RJ and Amernic, J 2006, 'The mobilization of accounting in preening for privatization', *Accounting, Auditing & Accountability Journal*, Vol. 19, No. 1, pp. 82-95.

Craig, R and Amernic, J 2004a, 'Enron Discourse: the rhetoric of a resilient capitalism', *Critical Perspectives on Accounting*, Vol. 15, No.6-7, pp. 813–852.

- Craig, R and Amernic, J 2004b, 'The deployment of accounting-related rhetoric in the prelude to a privatization', *Accounting, Auditing & Accountability Journal*, Vol. 17 No. 1, pp. 41-58.
- Cuganesan, S, Boedker, C and Guthrie, J 2007, 'Enrolling discourse consumers to affect material intellectual capital practice', *Accounting, Auditing & Accountability Journal*, Vol. 20, No. 6, pp. 883-911.
- Davis, GF, Yoo, M and Baker, WE 2003, 'The small world of the American corporate elite', *Strategic Organization*, Vol.1, p.301.
- Davis, A 2003, 'Whither Mass Media and Power? Evidence for a Critical Elite Theory Alternative', *Media Culture Society*; Vol.25; p.669.
- Davidson, C and Tolich, M 1999, *Social Science Research in New Zealand: many paths to understanding*, Longman Publishing, Auckland.
- De Villiers, C and van Staden, C 2006, 'Can Less Environmental Disclosure have a Legitimising Effect? – Evidence from Africa', *Accounting, Organizations and Society*, Vol. 31, pp. 763-81.
- Deegan, C 2002, 'The legitimising effect on social and environmental disclosures – a theoretical foundation', *Accounting, Auditing & Accountability Journal*, Vol. 15, No 3, pp. 282-311(30).
- Deegan, C, Rankin, M and Tobin, J 2002, 'An Examination of the Corporate Social and Environmental Disclosures of BHP from 1983-1997: A Test of Legitimacy Theory', *Accounting, Auditing & Accountability Journal*, Vol. 15, No. 3, pp. 312-43.
- Deegan, C 2003, *Environmental Management Accounting: An Introduction and Case Studies for Australia*, Institute of Chartered Accountants in Australia, Melbourne.
- Deegan, C and Blomquist, C 2006, 'Stakeholder Influence on Corporate Reporting: An Exploration of the Interaction between WWF-Australia and the Australian Minerals Industry', *Accounting, Organizations and Society*, Vol. 31, pp. 343-72.
- Deegan, C and Rankin, M 1996, 'Do Australian companies report environmental news objectively? An analysis of environmental disclosures by firms prosecuted successfully by the Environmental Protection Authority', *Accounting, Auditing & Accountability Journal*, Vol.9, Iss.2, pp.50-67.
- Dillard, J 1991, 'Accounting as a Critical Social Science', *Accounting, Auditing & Accountability Journal*, Vol. 4, No. 1, pp. 8-28.

Disu, A and Gray, RH 1998, 'An exploration of social reporting and MNC's in Nigeria', *Social and Environmental Accounting*, Vol. 18, No. 2, pp.13-15.

Domhoff, GW and Dye, TR 1987, *Power Elites and Organisations*, Sage Publications, Beverly Hills.

Doyle, J 2002, *Riding the Dragon: Royal Dutch Shell & the Fossil Fire*, Environmental Health Fund, Boston, Massachusetts.

Dublin-Green CO, Awosika, LF and Folorunsho, R 1999, 'Climate Variability Research Activities in Nigeria', *Nigerian Institute for Oceanography and Marine Research*, Victoria Island, Lagos.

Economist Intelligence Unit Limited 2008, Country Profile Nigeria, available from www.eiu.com, accessed: October 13, 2008.

Economist Intelligence Unit Limited 2008a, Glossary of terms, available from www.eia.doe.gov/glossary/glossary_1.htm, accessed: March 1, 2009.

Economist Intelligence Unit Limited 2008b, available at www.eia.doe.gov/smg/asa_meeting_2006/fall?files?modelsrefinery.ppt, accessed: March 1, 2009.

Egberongbe, FOA, Nwilo, PC and Badejo, OT 2006, 'Oil Spill Disaster Monitoring along the Nigerian Coastline', *Shaping the Change Conference Munich*, Germany, October 8-13.

Elijido-Ten, E, Kloot, L and Clarkson, P 2010, 'Extending the application of stakeholder influence strategies to environmental disclosures: An exploratory study from a developing country', *Accounting, Auditing & Accountability Journal*, Vol.23, No.28, pp.1032-1059.

Extractive Industries Transparency Initiative (EITI) 2012, available from <http://eiti.org/Nigeria>, accessed: 10 May, 2012.

Energy Information Administration 2008, Country Analysis Nigeria, available at <http://www.eia.doe.gov/cabs/Nigeria/Oil.htm>, accessed: October 17, 2008.

Ernst & Ernst, 1978, *Social Responsibility Disclosure: Survey of Fortune 500 Annual Reports*, Ernst & Ernst, Cleveland, OH.

Etzioni, A 1993, *The Elite Connection*, Polity Press, London.

Eweje, G 2006, 'Environmental Costs and Responsibilities Resulting from Oil Exploration in Developing Countries: The case of the Niger Delta of Nigeria', *Journal of Business Ethics*, Vol.69, pp.27-56.

Ezzamel, M, Xiao, JZ and Pan, A 2007, 'Political ideology and accounting regulation in China', *Accounting, Organizations and Society*, Vol.32, pp.669-700.

Fairclough, N 1989, *Language and power*, Longman Publishing, New York.

Fairclough, N 1992, *Discourse and Social Change*, Polity Press, Cambridge.

Fairclough, N 1995, *Critical Discourse Analysis: the critical study of language*, Longman Publishing, New York.

Fairclough, N 2001, *Analysing Discourse: Textual analysis of social research*, Routledge, London.

Fairclough, N 2003, *Language and Power*, Pearson Education Limited, Edinburgh.

Fairclough, N 2005, 'Discourse analysis in organization studies: the case for critical realism', *Organization Studies*, Vol. 26, No. 6, pp. 915-39.

Falola, T and Heaton, MM 2008, *A History of Nigeria*, Cambridge University Press.

Farazmand, A 1999, 'The Elite Question: Toward a Normative Elite Theory of Organization', *Administration & Society*, Vol. 31, No.3, pp.321-360.

Federal Environment Protection Agency Act, Nigeria 1989, National Policy on the Environment.

Ferraro, F, Pfeffer, J and Sutton, RI 2005, 'Economic language and assumptions: how theories can become self-fulfilling', *Academy of Management Review*, Vol.30, No.1, pp.8-24.

Ferguson, J, Collison, DJ, Power, DM and Stevenson, LA 2009, 'Constructing meaning in the service of power: An analysis of the typical models of ideology in accounting textbooks', *Critical Perspectives on Accounting*, Vol.20, No.8, pp.896-909.

Ferguson, J 2007, 'Analysing accounting discourse: avoiding the fallacy of internalism', *Accounting, Auditing & Accountability Journal*. Vol. 20, No. 6, pp. 912-934.

Field Lowell, G and Higley, J 1980, *Elitism*, Routledge and Kegan Paul, London.

Figueroa, A 2008, 'Competition and circulation of economic elites: Theory and application to the case of Peru', *The Quarterly Review of Economics and Finance*, Vol.48, pp.263-273.

Fingas, M. 2011, *Oil Spill Science and Technology*, Gulf Professional Publishing, Waltham, Mass, USA.

Foucault, M 1981, 'The order of discourse' in Young, R. (ed.), *Untying the text: A poststructuralist reader*. Routledge and Kegan Paul, London.

Fortune Magazine 2008, *Fortune Global 500*, 2008 available from <http://money.cnn.com/magazines/fortune/global500/>, accessed: August 13, 2008.

Fortune Magazine 2011, *Fortune Global 500*, available at <http://money.cnn.com/magazines/fortune/global500/2011/snapshots/6388.html>, accessed: June 13, 2011.

Fortune Magazine 2012, *Fortune Global 500*, available from <http://money.cnn.com/magazines/fortune/global500/2012/snapshots/6388.html>, accessed: September 13, 2012.

Fowler, R, Hodge, B, Kress, G and Trew, T 1979, *Language and Control*, Routledge and Kegan Paul, London.

Friends of the Earth Australia 2001, available from www.foe.org.au/media-releases/2001-media-releases/ Accessed: April 20, 2008.

Friends of the Earth International 2002a, *Clashes with corporate giants, 22 campaigns for biodiversity and community*, available from http://www.foe.co.uk/resource/reports/clashes_corporate_giants.pdf, accessed: March 7, 2009.

Friends of the Earth International 2002b, *Failing the Challenge: The Other Shell Report*, available from <http://www.h-net.org/~esati/sdcea/shellfailingchallenge.pdf>, accessed: January 15, 2010.

Friends of the Earth International 2003, *Behind the Shine - The other Shell Report*, available from http://www.foe.co.uk/resource/reports/behind_shine.pdf, accessed: January 15, 2010.

Friends of the Earth International 2004, *Lessons not learned -The Other Shell Report*, available from http://www.foe.co.uk/resource/reports/lessons_not_learned.pdf, accessed: January 15, 2010.

Friends of the Earth International 2009, *Shell's Big Dirty Secret - Insight into the world's most carbon intensive oil company and the legacy of CEO Jeroen van der Veer*, available from http://www.foeeurope.org/sites/default/files/publications/FoEE_Shells_big_dirty_secret_0609.pdf, accessed: January 15, 2010.

Friends of the Earth International 2010, *Outrage at Shell-Funded UN Report on Nigeria Oil Spills*, available from <http://www.foei.org/en/media/archive/2010/outrage-at-shell-funded-un-report-on-nigeria-oil-spills>, accessed: June 15, 2011.

Frynas, JG 1998, 'Political instability and business: focus on Shell in Nigeria', *Third World Quarterly*, Vol. 19, No.3, pp.457-478.

Frynas, JG 1999, 'Legal Change in Africa: Evidence from Oil-Related Litigation in Nigeria', *Journal of African Law*, Vol.43, No.2, pp.121-150.

Frynas, JG 2000, 'Shell in Nigeria: a further contribution', *Third World Quarterly*, Vol. 21, No.1, pp. 157-164.

Frynas, JG 2001, 'Corporate and State Response to Anti-Oil Protests in the Niger Delta', *African Affairs*, Vol. 100, pp.27-54.

Frynas, JG 2003, 'Global Monitor Royal/Dutch Shell', *New Political Economy*, Vol. 8, No.2.

Gaffikin, MJR 2008, *Accounting Theory: Research, regulation and accounting practice*, Pearson Education, Frenchs Forest, NSW.

Gallhofer, S, Haslam, J and Ropert, J 2001, 'Applying Critical Discourse Analysis: Struggles over takeover legislation in New Zealand', *Advances in Public Interest Accounting*, Vol. 8, pp.121-155.

Gee, JP 1990, *Social Linguistics and Literacies: Ideologies in Discourse*. Falmer, London.

Governmental Accounting Standards Board 1987, *Objectives of Financial Reporting*, Concepts Statement No. 1.

Gray, RH, Bebbington, J and Gray, S 2010, *Social and environmental accounting, Volume II Developing the Field*, Sage, London.

Gray, RH, Owen, DL and Maunders, KT 1986, 'Corporate social reporting: the way forward'? *Accountancy*, December, pp. 6-8.

Gray, RH, Owen, DL and Maunders, KT 1987, *Corporate Social Reporting: Accounting and Accountability*, Prentice Hall, Hemel Hempstead.

Gray, RH, Owen, DL and Maunders, KT 1988, 'Corporate social reporting: emerging trends in accountability and the social contract', *Accounting, Auditing & Accountability Journal*, Vol. 1, No. 1, pp. 6-20.

Gray, RH, Bebbington, J and Walters, D 1993, *Accounting for the Environment*, ACCA, London.

Gray, R, Kouhy, R and Lavers, S 1995, 'Methodological themes constructing a research database of social and environmental reporting by UK companies.', *Accounting, Auditing & Accountability Journal*, Vol. 8, No. 2, pp. 78-101.

Gray, RH, Owen, DL and Adams, C 1996, *Accounting and Accountability: Changes and Challenges in Corporate Social and Environmental Reporting*, Prentice Hall, London.

Gray, RH 2000, 'Current Development and Trends in Social and Environmental Auditing, Reporting and Attestation: A Review and Comment', *International Journal of Auditing*, Vol. 4, No. 3, pp. 247-68.

Gray, RH 2002, 'The Social Accounting Project and Accounting, Organisations and Society: Privileging Engagement, Imaginings, New Accountings and Pragmatism over Critique?', *Accounting, Organizations and Society*, Vol. 27, No.7, pp. 687-708.

Greenpeace International 1994, Shell Shocked. The Environment and Social Costs of Living with Shell in Nigeria (researched and written by Andrew Rowell), July 9.

Guthrie, J and Abeysekera, I 2006, 'Content Analysis of social, environmental reporting; what is new', *Journal of Human Resource Costing & Accounting*, Vol.10 No. 2, pp. 114-126.

Guthrie, J and Parker, LD 1989, 'Corporate social reporting: a rebuttal of legitimacy theory', *Accounting & Business Research*, Vol. 19, pp. 343-52.

Guthrie, J and Mathews, MR 1985, 'Corporate Social Accounting in Australasia', *Research in Corporate Social Performance and Policy* pp. 251-277.

Guthrie, J and Parker, LD 1990, 'Corporate social disclosure practice: a comparative international analysis', *Advances in Public Interest Accounting*, Vol. 3, pp.159-75.

Hackston, D and Milne, M 1996, 'Some Determinants of Social and Environmental Disclosures in New Zealand Companies', *Accounting, Auditing & Accountability Journal*, Vol. 9, No. 1, pp.77-108.

Halliday, MAK 1978, *Language as Social Semiotic: The Social Interpretation of Language and Meaning*, Edward Arnold, London.

Hammersley, M 1997, 'On the foundations of critical discourse analysis', *Language and Communication*, Vol. 17, No. 3, pp. 237-48.

Hammersley, M 2003, 'Conversation analysis and discourse analysis: methods or paradigms?' *Discourse and Society*, Vol. 14, No. 6, pp. 751-81.

Herbohn, K 2005, 'A Full Cost Environmental Accounting Experiment', *Accounting, Organizations and Society*, Vol. 30, No. 6, pp. 519-36.

Hines, R 1988, 'Financial accounting: in communication reality, we construct reality', *Accounting, Organizations and Society*, Vol. 13, No. 3, pp. 251-261.

Hinman, P 1993, *Greenpeace exposes Shell's pollution record*, available from www.greenleft.org.au/1993/112/5579, accessed: June 20, 2008.

Hogner, RH 1982, 'Corporate social reporting: eight decades of development at US Steel', *Research in Corporate Social Performance and Policy*, Vol. 4, pp. 243-50.

Holzer, B 2007, 'Framing the Corporation: Royal Dutch/Shell and Human Rights Woes in Nigeria', *Journal of Consumer Policy*, Vol. 30, pp.281-301.

Howarth, S 1997, *A Century in Oil: the 'Shell Transport and Trading Company 1897-1997*, Weidenfeld and Nicolson, London.

Hopper, K and Pratt, M 1995, 'Discourse and rhetoric: the case of New Zealand native land company', *Accounting, Auditing & Accountability Journal*, Vol. 8, No. 1, pp. 10-37.

Hopwood, AG 1983, 'On trying to study accounting in the contexts in which it operates', *Accounting, Organizations and Society*, Vol. 2, No. 3, pp. 287-305.

Howarth, S, Jonker, J, Sluyterman, K, and Luiten Van Zenden, J 2007, *The History of Royal Dutch Shell*, University Press, Oxford.

Ibaba, IS 2010, 'Environmental Protection Laws and Sustainable Development in the Niger Delta', *Africana*, June 2010.

Imoobe, T and Iroro, T 2009, 'Ecological restoration of oil spill sites in the Niger Delta, Nigeria', *Journal of Sustainable Development in Africa*, Vol. 11, No.2, pp.45-65.

International Monetary Fund 2008, *IMF Survey: Nigeria Needs Sustained Reforms to Build on Success*, available from <http://www.imf.org/external/pubs/ft/survey/so/2008/CAR021508A.htm>, accessed: September 14, 2008.

Islam, MA and Deegan, G 2008, 'Motivations for an organisation within a developing country to report social responsibility information Evidence from Bangladesh', *Accounting, Auditing & Accountability Journal*, Vol.21, No.6, pp.850-874.

Janks, H 1997, 'Critical Discourse Analysis as a Research Tool', *Discourse: Studies in the Cultural Politics of Education*, Vol.18, No.3.

Jenkins, H and Yakovleva, N 2006, 'Corporate social responsibility in the mining industry: Exploring trends in social and environmental disclosure', *Journal of Cleaner Production*, Vol. 14 pp. 271-284.

Joannides, V 2012, 'Accountability and the problematics of accountability', *Critical Perspectives on Accounting*, Vol.23, Iss.3, pp. 244-257.

Johansen, BE 2008, 'Nigeria: The Ogoni; Oil, Blood, and the Death of a Homeland', *Indigenous Peoples and Environmental Issues: An Encyclopedia*, available from www.ratical.org/ratville/IPEIE/ogoni.pdf, accessed: September 10, 2008.

Jørgensen, M and Phillips, L 2002, *Discourse analysis as theory and method*. SAGE, London.

Kadushin, C 1968, 'Power, Influence and Social Circles: A New Methodology for Studying Opinion Makers', *American Sociological Review*, Vol. 33, No. 5 (October), pp. 685-699.

Kallianiotis, JN 2013 *International financial transactions and exchange rates: trade, investment, and parities*. Palgrave Macmillan, New York.

Killian, S 2010, 'No accounting for these people: Shell in Ireland and accounting language', *Critical Perspectives on Accounting*, Vol. 21, pp.711-723.

Kisenyi, V and Gray, RH 1998, 'Social disclosure in Uganda', *Social and Environmental Accounting*, Vol. 18, Iss. 2, pp.16-18.

Kolk, A 1999, 'Evaluating corporate environmental reporting', *Business Strategy and the Environment*, Vol. 8, pp. 225-37.

Kretzmann, S 1995, 'Nigeria's "Drilling Fields": Shell Oil's Role in Repression', *Multinational Monitor* January/February.

Kuasirikun, N and Sherer, M 2004, 'Corporate social accounting disclosure in Thailand', *Accounting, Auditing & Accountability Journal*, Vol.17, No.4, pp.629-660.

Koenig-Archibugi, M 2004, 'Transnational Corporations and Public Accountability', *Government and Opposition an International Journal of Comparative Politics*, Vol.39, Iss. 32, pp.234-259.

Kvasnikoff, K 2007, *Exxon Valdez 18 Years and Counting*. Lulu (1st edition), printed in the USA.

Laine, M 2005, 'Meaning of the term "sustainable development" in Finnish corporate disclosure', *Accounting Forum*, Vol.29, pp.395-413.

Laine, M 2009, 'Ensuring legitimacy through rhetorical changes? A longitudinal interpretation of the environmental disclosures of leading Finnish chemical company', *Accounting, Auditing & Accountability Journal*, Vol.22, No.7, pp.1029-1054.

Leitch, S and Davenport, S 2005, 'The politics of discourse: Marketization of the New Zealand science and innovation system', *Human Relations*, Vol.58, No.7, pp.891-912.

Leitch, S and Palmer, I 2009, 'Analysing Texts in Context: Current Practices and New Protocols for Critical Discourse Analysis in Organization Studies', *Journal of Management Studies*, Vol.47, Iss.6, pp.1194-1212.

Linowes, DF 1972, 'Socio-economic accounting', *Journal of Accountancy*, Vol.133, pp.37-42.

Livesey, S 2001, 'Eco-identity as Discursive Struggle: Royal/Dutch Shell, Brent Spar, and Nigeria', *Journal of Business Communication*, Vol.38, No. 1, pp.58-91.

Livesey, S 2002, 'The discourse of the middle ground: Citizen Shell commits to sustainable development', *Management Communication Quarterly*, Vol. 15, No. 3, pp. 313-349.

Livesey, S and Kearins, K 2002, 'Transparent and caring corporations? A study of sustainability reports by The Body Shop and Royal Dutch/Shell', *Organization and Environment*, Vol. 15 No. 3, pp. 233-258.

Llewellyn, S and Milne, MJ 2007, 'Accounting as codified discourse', *Accounting, Auditing and Accountability Journal*, Vol.20, No. 6, pp. 805-824.

Llewellyn, S and Northcott, D 2005, 'The average hospital', *Accounting Organizations and Society*, Vol. 30, pp.555-583.

Lukes, S 1986, *Power*, Blackwell, Oxford.

Lukes, S 1974, *Power: A Radical View*, The Macmillan Press Ltd, Hong Kong.

Macintosh, NB and Baker, CR 2002, "A literary theory perspective on accounting: Towards heteroglossic accounting reports" *Accounting, Auditing and Accountability Journal*, Vol. 15, No. 2, pp. 184-222.

Macdonell, D 1986, *Theories of Discourse: An Introduction*. Basil Blackwell, Oxford.

Mahieu, C 2001, 'Management development in Royal/Dutch Shell', *Journal of Management Development*, Vol.20, No.2, pp.121-130.

Maaka, R and Andersen, C 2006, *The Indigenous Experience: Global Perspectives*, Canadian Scholars' Press Inc, Toronto.

Marcus. GE 1983, *Elites: Ethnographic Issues*, School of American Research.

Mathews, MR 1993, *Socially Responsible Accounting*, Chapman & Hall, London.

Mathews, MR and Perera, MHB 1995, *Accounting Theory and Development*, 3rd edition, Thomas Nelson Australia, Melbourne.

Mathews, MR 1997, 'Twenty-five years of social and environmental research - Is there a silver jubilee to celebrate'? *Accounting Auditing & Accountability Journal*, Vol.10, No.4, pp.481-531.

Mattelart, A 1979, *The multinational corporations and the control of culture: The ideological apparatus of imperialism* Harvester, Atlantic Highlands, NJ.

Max, NE 1969, *Oil Pollution and the Law*. Bureau of National Affairs, Arlington, VA.

McGregor, SLT 2003, 'Critical discourse analysis – a primer', *Critical Science and Critical Discourse Analysis*, Vol.15, No.1.

McMurtry, J 1998, *Unequal freedoms: the global market as an ethical system*. Garamond Press, Toronto.

Merkel-Davies, D and Koller, V 2012, "'Metaphoring'" people out of this world: A critical discourse analysis of a chairman's statement of a UK defence firm, *Accounting Forum*, Vol. 36, Iss.3, pp178-193.

Messner, M 2009, 'The limits of accountability', *Accounting, Organizations and Society*, Vol.34, pp.918-938.

Michels, R 1915/1962, *Political parties. A sociological study of the oligarchical tendencies of modern democracies*, Collier Books, New York.

Milne, MJ, Kearins, KN and Walton, S 2006, 'Creating adventures in wonderland? The journey metaphor and environmental sustainability', *Organisation*, Vol. 13, No.6, pp.801-39.

Milne, MJ, Tregidga, H and Walton, S (2004), 'Playing with magic lanterns: the New Zealand Business Council for Sustainable Development and corporate triple bottom line reporting', paper presented at the *4th Asia Pacific Interdisciplinary Research in Accounting Conference*, Singapore.

Milne, M and Patten, D 2002, 'Securing Organisational Legitimacy: An Experimental Decision Case Examining the Impact of Environmental Disclosures', *Accounting, Auditing & Accountability Journal*, Vol. 15, No. 3, pp. 372-405.

Mills, CW 1956, *The Power Elite*, Oxford University Press, London.

Moffat, D and Linden, O 1995, 'Perception and Reality: Assessing Priorities for Sustainable Development in the Niger Delta', *AMBIO: A Journal of Human Environment* No. 24 (7-8), pp. 527- 538.

Morgan, G 1988, 'Accounting as Reality Construction: Towards a New Epistemology for Accounting Practice', *Accounting, Organizations and Society*, Vol.13, No.5, pp. 477-485.

Mosca, G 1939, *The Ruling Class*, McGraw Hill, New York .

Mumby, DK 1988, *Communication And Power In Organizations: Discourse, ideology, and domination*, Ablex, Norwood, NJ.

Neu, D, Warsame, H and Pedwell, K 1998, 'Managing public impressions: environmental disclosures in annual reports', *Accounting Organizations and Society*, Vol. 23, No.3 pp.265-282.

Nielsen, AE and Thomsen, C 2007, 'Reporting CSR – what and how to say it?', *International Journal*, Vol.12 No.1, pp.25-40.

Ngomba-Roth, R 2007, *Multinational Companies and Conflicts in Africa: The Case of the Niger Delta-Nigeria*, Hamburg: LIT-Verlag.

NG-EGASPIN 2002 Environmental Guidelines And Standards for the Petroleum Industry in Nigeria (EGASPIN), revised edition 2002. Department of Petroleum Resources, Federation of Nigeria.

NG-Petroleum Act 1969 Petroleum Act of 1969, Laws of the Federation of Nigeria, available from <http://www.nigeria-law.org/Petroleum%20Act.htm>, accessed: May 15, 2010.

Nigeria Country Analysis Brief 2008, available from www.eia.doe.gov, accessed: September 10, 2008.

Nigerian National Petroleum Corporation (NNPC) 2008, available from <http://www.nnpcgroup.com/history.htm>, accessed: September 10, 2008.

Nigerian National Petroleum Corporation (NNPC) 2012, available from <http://www.nnpcgroup.com/NNPCBusiness/UpstreamVentures/OilProduction.aspx>, accessed: July 10, 2012.

Nigerian National Petroleum Corporation (NNPC) 2013, available from <http://www.nnpcgroup.com/NNPCBusiness/UpstreamVentures/OilProduction.aspx>, accessed: September 5, 2013.

Niskala, M. and Pretes, M. 1995, 'Environmental Reporting in Finland: A note on the use of annual reports', *Accounting Organizations and Society*, Vol. 20, No.6, pp. 457-466.

Nwilo, PC, Peters KO and Badejo, OT 2000, 'Sustainable Management of Oil Spill Incidents along the Nigerian Coastal Areas', *Electronic Conference on Sustainable Development Information Systems*, CEDARE.

Nwilo, PC and Badejo, OT 2001, 'Impacts of Oil Spills Along the Nigerian Coast', *AEHS Magazine*, October.

Nwilo, PC and Badejo, OT 2004, 'Management of Oil Spill Dispersal Along the Nigerian Coastal Areas', ISPRS Congress, 2004, Istanbul.

Nwilo, PC and Badejo, OT 2005, 'Impacts and Management of Oil Spill Pollution Along the Nigerian Coastal Areas', available from www.fig.net/pub/figpub/pub36/chapters/chapter_8.pdf, accessed: January 8, 2008.

Nwilo, PC and Badejo, OT 2006, 'Impacts and Management of Oil Spill Pollution along the Nigerian Coastal Areas', Administering Marine Spaces International Issues 2006, available at www.fig.net/pub/figpub/pub36/chapters/chapter8, accessed: May 10, 2008.

Nwachukwu, C 2011, *With Agency Reports Nigeria: Oil Spill - Shell Modifies Data to 70 Percent From 98 Percent*, available from <http://allafrica.com/stories/201101270173.html>, accessed: May 20, 2011.

Oakes, LS, Townley, B and Cooper, DJ 1998, 'Business Planning as Pedagogy: Language and Control in a Changing Institutional Field', *Administrative Science Quarterly*, Vol. 43, No.2, pp.257-92.

Ojakorotu, V and Okeke-Uzodike, U 2006, 'Oil, Arms Proliferation and Conflict in the Niger Delta of Nigeria', *African Journal on Conflict Resolution*, Vol.6, No.2. pp.69-83.

Obi, CI 1999, 'Oil, Environment and Conflict in the Niger Delta', *Quarterly Journal of Administration*, Vol. 30, No. 4 (January).

Obi, CI 1997, 'Oil, Environmental Conflict and National Security in Nigeria: Ramifications of the Ecology-Security Nexus for Sub-Regional Peace', University of Illinois at Urbana – Champaign, *ACDIS Occasional Paper*.

Ocler, R 2009, 'Discourse analysis and corporate social responsibility: a qualitative approach', *Society and Business Review*, Vol. 4, No. 3, pp. 175-186.

O'Donovan, G 2002, 'Environmental Disclosures in the Annual Report: Extending the Applicability and Predictive Power of Legitimacy Theory', *Accounting, Auditing & Accountability Journal*, Vol. 15, No.3, pp. 344-371.

O'Dwyer, B and Owen, D 2005, 'Assurance Statement Practice in Environmental, Social and Sustainability Reporting: A Critical Evaluation', *The British Accounting Review*, Vol. 37, No. 2, pp. 205-29.

O'Dwyer, B 2002, 'Managerial Perceptions of Corporate Social Disclosure: An Irish Story', *Accounting, Auditing & Accountability Journal*, Vol. 15, No. 3, pp. 406-36.

O'Dwyer, B, Unerman J and Bradley J 2003, 'Stakeholder perceptions of corporate social disclosure in Ireland: a story of antagonism, powerlessness and poor practice', paper presented at the 26th annual congress of the European Accounting Association, Seville, 2003.

Ogri, OR 2001, 'A review of the Nigerian petroleum industry and the associated environmental problems', *The Environmentalist*, Vol.21, pp.11-21.

Oil Pipelines Act of 1958, available from <http://www.nigerialaw.org/Oil%20Pipelines%20Act.htm>, accessed: December 4, 2010.

Okonta, I and Douglas, O 2003, *Where Vultures Feast: Shell, Human Rights and Oil*, Verso, London.

Okonta, I 2005, 'Nigeria: Chronicle of a Dying State', *Current History a Journal of Contemporary World Affairs*, Vol.104, Iss.682, pp.203-208.

Omeje, K 2004, 'The State, Conflict & Evolving Politics in the Niger Delta, Nigeria', *Review of African Political Economy*, No.101, pp.425-440.

Omeje, K 2005, 'Oil Conflict in Nigeria: Contending Issues and Perspectives of the Local Niger Delta People', *New Political Economy*, Vol. 10, No.3 (September).

O'Neil, T 2006, 'The curse of Black Gold: Hope and Betrayal in the Niger Delta', *National Geographic* (February) available from <http://ngm.nationalgeographic.com/2007/02/nigerian-oil/oneill-text>, accessed: September 5, 2008.

Organization of the Petroleum Exporting Countries 2012, available from <http://www.opec.org/opecweb/en/pressroom/179.htm>, accessed: March 15, 2013.

Owen, D 2008, 'Chronicles of Wasted time? A Personal Reflection on the Current State of, and Future Prospects for, Social and Environmental Accounting Research', *Accounting, Auditing & Accountability Journal*, Vol. 21, No. 2, pp. 240-67.

Oxford Online Dictionary, 2011, available from <http://oxforddictionaries.com/definition/language>, accessed: 10 May, 2011.

Oxford Online Dictionary, 2012, available from http://oxforddictionaries.com/definition/american_english/elite, accessed: 16 July, 2012.

Pareto, V 1968, *The Rise and Fall of the Elites*, The Bedminster Press, Totowa, NJ.

Pareto, V 1935, *The Mind and Society [Trattato Di Sociologia Generale]*, Harcourt, Brace, New York.

Parker, L 2005, 'Social and Environmental Accountability Research: A View from the Commentary Box', *Accounting, Auditing & Accountability Journal*, Vol. 18, No. 6, pp. 842-60.

Parker, I 1992, *Discourse dynamics: Critical analysis for social and individual psychology*, Routledge, London.

Patten, DM 1992, 'Intra-industry environmental disclosures in response to the Alaskan oil spill: A note on legitimacy theory', *Accounting, Organizations and Society*, Vol.17, No.5, pp.471-475.

Petroleum (Drilling and Production) Regulation (PDPR) of 1969.

Phillips, N, Lawrence, TB and Hardy, C 2004, 'Discourse and Institutions', *Academy of Management Review*, Vol. 29, No. 4.

Phillips, N and Hardy, C 2002, '*Discourse Analysis: Investigating Processes of Social Construction*', Sage University Papers Series on Qualitative Research Methods, Vol.50. Sage, Thousand Oaks.

Prewitt, K and Stone, A 1973, *The Ruling Elites, Elite Theory, Power, and American Democracy*, Harper & Row, New York.

Robinson, WI 2011, 'Global Capitalism Theory and the Emergence of Transnational Elites' *Critical Sociology*, Vol.38, No.3, pp.349-363.

Roberts, J and Scapens, R 1985, 'Accounting systems and systems of accountability: understanding accounting practices in their organizational contexts', *Accounting, Organizations and Society*, Vol. 10, pp. 443-456.

Roberts, J 1991, 'The possibilities of accountability', *Accounting, Organizations and Society*, Vol. 16, pp. 355-368.

Roberts, J 2009, 'No one is perfect: The limits of transparency and an ethic for "intelligent" accountability', *Accounting, Organizations and Society*, Vol.34, Iss.8, pp. 957-970.

Royal Dutch Shell Group 2008a, *The Shell History*, available from [http://www.shell.com/home/content/aboutshell/who we are/our history/the begginings](http://www.shell.com/home/content/aboutshell/who_we_are/our_history/the_begginings), accessed: March 25, 2008.

Royal Dutch Shell Group 2008b, *The History of Shell*, available from [http://www.shell.com/home/content/aboutshell/who we are/our history/early 20th century](http://www.shell.com/home/content/aboutshell/who_we_are/our_history/early_20th_century) accessed: March 26, 2008.

Royal Dutch Shell Group 2008c, *The History of Shell*, available from [http://www.shell.com/home/content/aboutshell/who we are/our history/post war expansion](http://www.shell.com/home/content/aboutshell/who_we_are/our_history/post_war_expansion) accessed: March 27, 2008.

Royal Dutch Shell Group 2008d, *The History of Shell*, available from [http://www.shell.com/home/content/aboutshell/who we are/our history/1960s 1980s](http://www.shell.com/home/content/aboutshell/who_we_are/our_history/1960s_1980s), accessed: March 27, 2008.

Royal Dutch Shell Group 2008e, *Preventing Spills – Responsible Energy*, available from http://www.shell.com/home/content/responsible_energy/environment/spills/spills accessed: March 27, 2008.

Royal Dutch Shell Plc (Shell) 2013, available from <http://www.shell.com.ng/aboutshell/shell-businesses/e-and-p/spdc.html> accessed: 4, September, 2013.

Royal Dutch Shell Plc (Shell) 2012a, available from <http://reports.shell.com/sustainabilityreport/2011/ouractivities/deliveringenergyresponsibly/nigeria.html> accessed: October 10, 2012.

Royal Dutch Shell Plc (Shell) 2012b, available from <http://www.shell.com/global/environment-society/society/business/payments-to-governments.html> accessed: October 10, 2012.

Royal Dutch Shell Plc (Shell) 2012c, available from <http://www.shell.com.ng/aboutshell/shell-businesses/e-and-p/spdc.html> accessed: October 10, 2012.

Royal Dutch Shell Plc (Shell) 2011, *Company Profile*, available from <http://www.shell.com/home/content/aboutshell/> accessed: January 5, 2011.

Royal Dutch Shell Plc (Shell) 2010a, *Letter to a major shareholder*, available from <http://www.shell.com/home/content/aboutshell/> accessed: January 5, 2010.

Royal Dutch Shell Plc (Shell) (2010b), *Royal Dutch Shell plc Sustainability Report*, available from http://reports.shell.com/sustainabilityreport/2011/servicepages/previous/files/all_shell_sr10.pdf, accessed: July 1, 2008.

Royal Dutch Shell Plc (Shell) (2009), *Royal Dutch Shell plc Sustainability Report*, available from http://reports.shell.com/sustainabilityreport/2011/servicepages/previous/files/all_shell_sr09.pdf, accessed: July 1, 2008.

Royal Dutch Shell Plc (Shell) 2008, *Royal Dutch Shell plc Sustainability Report, Responsible Energy Sustainability report* available from http://reports.shell.com/sustainabilityreport/2011/servicepages/previous/files/entire_shell_ssr08.pdf, accessed: July 1, 2008.

Royal Dutch Shell Plc (Shell) 2007, *Responsible Energy The Shell Sustainability Report*, available from http://reports.shell.com/sustainabilityreport/2011/servicepages/previous/files/shell_sustainability_report_2007.pdf, accessed: July 1, 2008.

Royal Dutch Shell Plc (Shell) 2006, *Sustainability Report Meeting The Energy Challenge*, available from http://reports.shell.com/sustainabilityreport/2011/servicepages/previous/files/shell_sustainability_report_2006.pdf, accessed: July 1, 2008.

Royal Dutch Shell Plc (Shell) 2005, *Sustainability Report Meeting The Energy Challenge*, available from http://reports.shell.com/sustainabilityreport/2011/servicepages/previous/files/shell_report_2005.pdf, accessed: July 1, 2008.

Royal Dutch Shell Plc (Shell) 2005, Annual Reports available at http://www.shell.com/home/content/investor/financial_information/annual_reports/2006/dir_2006_annualreport.html accessed: April 24, 2008.

Royal Dutch Shell Plc (Shell) 2004, *The Shell Report Meeting the energy challenge – our progress in contributing to sustainable development*, available from http://reports.shell.com/sustainabilityreport/2011/servicepages/previous/files/shell_report_2004.pdf, accessed: July 1, 2008.

Royal Dutch Shell Plc (Shell) 2003, *The Shell Report Meeting the energy challenge – our progress in contributing to sustainable development*, available from http://reports.shell.com/sustainabilityreport/2011/servicepages/previous/files/shell_report_2003.pdf, accessed: July 1, 2008.

Royal Dutch Shell Plc (Shell) 2002, *Meeting the energy challenge – The Shell Report* available from http://reports.shell.com/sustainabilityreport/2011/servicepages/previous/files/shell_report_2002.pdf, accessed: July 1, 2008.

Royal Dutch Shell Plc (Shell) 2001, *People, Planet & Profits* available from http://reports.shell.com/sustainabilityreport/2011/servicepages/previous/files/shell_report_2001.pdf, accessed: July 1, 2008.

Royal Dutch Shell Plc (Shell) 2000, *People, Planet & Profits* available from http://reports.shell.com/sustainabilityreport/2011/servicepages/previous/files/shell_report_2000_99.pdf, accessed: July 1, 2008.

Saint, S 2008, 'A critical discourse analysis of corporate harm', *Internet Journal of Criminology*, available from www.internetjournalofcriminology.com, accessed: November 5, 2010.

Salter, C 1999, *Have you been Shell Shocked* Tertangala Green Book.

Savage, AA 1994, 'Corporate Social disclosure practices in South Africa: a research note', *Social and Environmental Accounting*, Vol.14, Iss.1, pp.2-4.

Schiller, HL 1973, *The mind managers*, Beacon Press, Boston.

Schweiker, W 1993, 'Accounting for ourselves: Accounting practice and the discourse of ethics', *Accounting, Organizations and Society*, Vol.18, No.2-3, pp.231–252.

Shearer, TL and Arrington, CE 1993, 'Accounting in other wor(l)ds: a feminism without reserve', *Accounting, Organizations and Society*, Vol.18, No. 2/3, pp. 253-272.

Shearer, T 2002, 'Ethics and accountability: From the for-itself to the for-the-other'. *Accounting, Organizations and Society*, Vol.27, pp.541-573.

Shell Petroleum Development Company (SPDC) 2000, *People and the Environment Annual Report*.

Shell Petroleum Development Company (SPDC) 2001, *People and the Environment Annual Report*.

Shell Petroleum Development Company (SPDC) 2002, *People and the Environment Annual Report*.

Shell Petroleum Development Company (SPDC) 2003, *People and the Environment Annual Report*, available from http://www.shell.com/static/nigeria/downloads/pdfs/annualreport_2003.pdf, accessed: July 1, 2008.

Shell Petroleum Development Company (SPDC) 2004, *People and the Environment Annual Report*, available from http://www.shell.com/static/nigeria/downloads/about_shell/2004_rpt.pdf, accessed: July 1, 2008.

Shell Petroleum Development Company (SPDC) 2005, *People and the Environment Annual Report*.

Shell Petroleum Development Company (SPDC) 2006, *People and the Environment Annual Report* available from http://narcosphere.narconews.com/userfiles/70/2006_shell_nigeria_report.pdf, accessed: July 1, 2008.

Sinclair, A 1995, 'The chameleon of accountability: Forms and discourses', *Accounting, Organizations and Society*, Vol.20, No.2-3, pp.219-237.

Singer, R 2005, 'Oil Nigeria's Slippery Politics', *Bulletin of the Atomic Scientists* January/February 2005.

Singh, DR and Ahuja, JM 1983, 'Corporate social reporting in India', *The International Journal of Accounting*, Vol.18, No.2, pp.151-169.

Spence, C 2007, 'Social and environmental reporting and hegemonic discourse', *Accounting, Auditing & Accountability Journal*, Vol. 20, No. 6, pp. 855-882.

Stanton, P and Stanton, J 2002, 'Corporate annual reports: research perspectives used', *Accounting, Auditing & Accountability Journal*, Vol. 15, No. 4, pp. 478-500.

Steccolini, I 2004, 'Is the Annual Report an Accountability Medium? An Empirical Investigation into Italian Local Governments', *Financial Accountability and Management*, Vol.20, Iss.3, pp.327-350.

Steiner, R 2010, *Double standard Shell practices in Nigeria compared with international standards to prevent and control pipeline oil spills and the Deepwater Horizon oil spill*, November, Friends of the Earth Netherlands, Amsterdam.

Steenkamp, N and Northcott, D 2007, 'Content Analysis in Accounting Research: The Practical Challenges', *Australian Accounting Review*, Vol. 17, No. 3.

Teoh, H and Thong, G 1984, 'Another Look at Corporate Social Responsibility and Reporting: an Empirical Study in a Developing Country', *Accounting, Organizations and Society*, Vol. 9, No. 2, pp. 189-206.

Thomas, P 1998, 'Ideology and the discourse of strategic management: A critical research framework', *Electronic Journal of Radical Organization Theory*, Vol. 4, No.1.

Thomson, I 2007, 'Mapping the terrain of sustainability accounting', in Unerman, J., Bebbington, J. and O'Dwyer, B. (eds), *Sustainability Accounting and Accountability*. Routledge, London, pp.19-36.

Thomson, I and Bebbington, J 2005, 'Social and environmental reporting in the UK: a pedagogic evaluation', *Critical Perspectives on Accounting*, Vol. 16 No. 5, pp. 507-33.

Thornton, S and Reynolds, N 2006, in Novotna, J., Moraova, H., Kratka, M. and Stehlikova, N. (eds), *Proceedings 30th Conference of the International Group for Psychology of Mathematics Education*, Vol.5, Prague, pp.273-280.

Tilt, CA 1994, 'The influence of external pressure groups on corporate social disclosure: some empirical evidence', *Accounting, Auditing & Accountability Journal*, Vol.7, Iss.4, pp.47-72.

Tilt, CA 2007, 'Mapping the terrain of sustainability accounting', in Unerman, J., Bebbington, J. and O'Dwyer, B. (eds), *Sustainability Accounting and Accountability*. Routledge, London, pp.104-126.

Tinker, T and Neimark, M 1987, 'The role of annual reports in gender and class contradictions at General Motors: 1917-1976', *Accounting, Organizations and Society*, Vol. 12, No.1, pp.71-88.

Tinker, A, Merino, B and Neimark, M 1982, 'The Normative Origins of Positive Theories: Ideology and Accounting Thought', *Accounting, Organizations and Society*, Vol.7, No.2, pp. 167-200.

Tregidga, H, Milne, MJ and Lehman, G 2012, 'Analyzing the quality, meaning and accountability of organizational reporting and communication: Directions for future research', *Accounting Forum call for papers*.

Tregidga, H and Milne, MJ 2006, 'From sustainable management to sustainable development: a longitudinal analysis of a leading New Zealand environmental reporter', *Business Strategy and the Environment*, Vol. 15, pp. 219-41.

Ukeje, C 2002, 'Oil Communities and Political Violence: The Case of Ethnic Ijaws in Nigeria's Delta Region', *Terrorism and Political Violence*, Vol.13, No.4 (Winter), pp.15-36.

Unerman, J and Bennett, M 2004, 'Increased stakeholder dialogue and the internet: towards greater corporate accountability or reinforcing capitalist hegemony'? *Accounting, Organizations and Society*, Vol. 29, pp. 685-707.

Unerman, J 2000, 'Methodological issues Reflections on quantification in corporate social reporting content analysis', *Accounting Auditing & Accountability Journal*, Vol. 13, No. 5, pp. 667-680.

United Nations Children's Fund 2011, *Nigeria*, available from http://www.unicef.org/nigeria/1971_2199.html, accessed: July 10, 2011.

United Nations Development Programme 2006, *Niger Delta Human Development Report*, Abuja, Nigeria.

Unsworth, E 1998, 'Effect of Nigeria Spill Termed Minimal', *Business Insurance*; Reuters, January 20, 1998.

Useem, M. 1980, 'Corporations and the Corporate Elite', *Annual Review Social*, Vol.6, pp.41-77.

Van Dijk, TA 1993a, 'Principles of critical discourse analysis', *Discourse and Society*, Vol. 4, No.2, pp.249-283.

Van Dijk, TA 1993b, *Elite Discourse and Racism*, Sage Publications, Newbury Park, CA.

Van Dijk, TA 1996, 'Discourse, power and access', in Caldas-Coulthard, C. R., and Coulthard, M. (eds) *Texts and Practices: Readings in Critical Discourse Analysis*. Routledge, London.

Van Dijk, TA 2001, 'Multidisciplinary CDA: A plea for diversity' in Wodak, R and Meyer, M. (eds.), *Methods of critical discourse analysis*, Sage Publications, London, pp.95-119.

Vidal, J. 2012, 'Shell attacked over four-year delay in Niger delta oil spill clean-up', *The Observer*, 23 September 2012.

Wallage, P 2000, 'Assurance on sustainability reporting: An auditor's view. Auditing', *A Journal of Practice & Theory*, Vol.19 (Supplement), pp.53-65.

Welch C, Marschan-Piekkari R, Penttinen H and Tahvanainen, M 2002, 'Corporate elites as informants in qualitative international business research', *International Business Review*, Vol. 11, pp.611-628.

Wright Mills C 1956, *The Power Elite*, Oxford University Press, New York.

Widdowson, HG 1995, Discourse analysis: A critical view. *Language and Literature*, Vol. 4, No. 3, pp. 157-172.

Widdowson, HG 1996, 'Reply to Fairclough. Dis-course and interpretation: conjectures and refutations', *Language and Literature*, Vol. 5, No.1, pp.57-69.

Widdowson, HG 1998, 'Review Article – The Theory and Practice of Critical Discourse Analysis', *Applied Linguistics*, Vol.12, No.1, pp.136-151.

Widdowson, HG 2004', *Text Context, Pretext: Critical Issues in Discourse Analysis*, Blackwell, Oxford.

Wodak, R. 1995, 'Critical Linguistics and Critical Discourse Analysis', in J. Verschueren, J.-O. Östman and J. Bloomaert (eds) *Handbook of Pragmatics*, pp. 204–10. Amsterdam: Benjamins.

Wodak, R and Meyer, M 2001, *Methods of Critical Discourse Analysis*, Sage, London.

Wetherell, M 2001, Debates in discourse research, in Wetherell, M., Taylor, S. and Yates, S.J. (eds), *Discourse theory and practice: A reader*, Sage, Thousand Oaks, CA, p.38.

World Bank 2007, List of fragile states, available from <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTIS/IDA/0,,print:Y~isC...> accessed: February 10, 2009.

World Bank 2008, Nigeria – Country Brief, available from <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/NIGERIAEXTN/0,,menuPK:368906~pagePK:141132~piPK:141107~theSitePK:368896,00.html> accessed: September 10, 2008.

World Bank 2009, available from <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,,pagePK:50004410~piPK:36602~theSitePK:29708,00.html> accessed: February 10, 2009.

World Bank, 2011 available from <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/NIGERIAEXTN/0,,menuPK:368922~pagePK:141132~piPK:141109~theSitePK:368896,00.html> accessed: July 10, 2011.

World Bank 2012 available from <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD> accessed: July 10, 2012.

World Bank 2013a, Nigeria Economic Report available from http://www.wds.worldbank.org/external/default/WDSP/IB/2013/05/14/000333037_20130514101211/Rendered/PDF/776840WP0Niger0Box0342041B00PUBLIC0.pdf, accessed; 4 September 2013.

World Bank 2013b, available from <http://www.worldbank.org/en/country/nigeria/overview>, accessed; 4 September 2013.

Wrong, DH 1979, *Power: Its forms, bases and uses*. Basil Blackwell, Oxford.