HOW USEFUL ARE SHELL’S REPORTS FOR STIMULATING DIALOGUE

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ABSTRACT
This paper subjects the 'Tell Shell' cards contained within Shell's 1998 Profit and Principles report to critical analysis. Although the cards show some innovation in terms of stimulating dialogue, they are structured and positioned in a way to support arguments that fundamental changes are not required to the business system in order for companies to contribute to sustainable development.

INTRODUCTION
Sustainable development (SD) has captured the business imagination (see Bebbington, 2007), and social and environmental accounting and reporting (SEAR) is presented as a way for business organisations to manage the transition toward more sustainable outcomes (Gray and Bebbington, 2000; NZBCSD, 2002).

Whether or how SEAR contributes to SD (at either a macro or micro level) remains the subject of much debate, but some of the practitioner-oriented literature (see Elkington, 1997 and the GRI and AA1000 standards) suggests an important role for stakeholder dialogue. According to these developments, engagement between business organisations and their stakeholders is “an essential pre-requisite for [the] successful pursuit of the [SEAR] process” (Owen et al., 2001, p. 267).

In this short paper, I discuss the (seemingly innovative) dialogue activities contained within the Royal Dutch/Shell Group of Companies’ first (1998) Profits and Principles report (hereafter the Shell Report 1998). This paper sits within a larger study of the constitutive effects of SEAR on discourses of corporate citizenship (see Higgins, 2006). My approach here is based on a form of critical discourse analysis (Fairclough, 1992) and focuses on how Shell enacts dialogue to construct the image of a responsive and credible organisation, which enables it to articulate and normalise its own (fairly conservative) understanding of sustainable development and corporate responsibility.

SUSTAINABLE DEVELOPMENT AND BUSINESS
Despite widespread debate about the meaning and implications of SD (Redclift, 2005), not least for business organisations (Gray and Milne, 2002), many have articulated the characteristics of ‘sustainable’ business. Under the rubric of ‘corporate citizenship’ Birch (2001) suggests, for example, that sustainable business goes beyond “short term transactive relationships [to] a holistic system of organisational behaviour affecting every level and aspect of an organisation’s policies and practices” (p. 54). Waddock (2002), too, stresses both policies and practices, but also emphasises integrating stakeholders and the natural environment in business considerations. Elkington, (1997) explains that “more than just environment-friendly technologies and…markets that actively promote dematerialization…[are required, there is also a need for] radically new views of what is meant by social equity, environmental justice and business ethics” (p. 72).
These statements, while aspirational (and perhaps inspirational) are fairly abstract. Not only do they mask debates about the meaning and implications of SD for business (see Bebbington, 2007), they also assume that business organisations can make transitions to new (potentially radical) organisational philosophies and behaviours.

**SOCIAL AND ENVIRONMENTAL REPORTING**  
SEAR is widely touted as offering one way for effecting such change (see, for example, NZBCSD, 2002), but doubt persists about exactly what SEAR achieves and how.

The academic SEAR literature, mostly in accounting, maintains that SEAR can effect *fundamental* change by creating new visibilities about the business and society relationship. Such visibilities raise the consciousness of managers and/or stakeholders (see Gray *et al.*, 1996), which motivates changes in behaviour. The practitioner literature assumes that SEAR can be used to monitor social/environmental shifts and turn them into profitable business opportunities (see, for example, Elkington, 1997; NZBCSD, 2002), without a need for major reform of the business system.

Doubt has consistently been raised, however, about whether the current business system can ameliorate serious social/environmental concerns (Gray *et al.*, 1995). Evidence that SEAR can affect fundamental change to the business system is also less than compelling (Gray *et al.*, 1995: Bebbington, 1997). SEAR may raise consciousness, but it fails to penetrate systemic imperatives (O'Dwyer, 2003).

Picking up on these threads, critical theorists argue that the close association of SEAR with the current business system is the problem; SEAR doesn’t address underlying structural inequalities that cause the most damaging outcomes. In fact, some argue that SEAR too easily becomes ‘captured’ by, and actually operates in service of, dominant interests in society (see Tinker, Lehman, & Neimark, (1991) for an overview of this critique).

**SEAR and dialogue**  
For some, stakeholder dialogue is offered as a way for SEAR to contribute to change. The practitioner literature places stakeholder engagement at the heart of building ‘inclusive’ relationships to facilitate evolutionary change (Zadek *et al.*, 1997).

Utilising a range of mechanisms, including questionnaires, focus groups, open forums/workshops, meetings, in-house newspapers, interviews, web/phone hotlines and briefing sessions (Owen *et al.*, 2001, but see also Wheeler and Silanpää, 1997; McIntosh *et al.*, 1998), stakeholders can define an organisation’s responsibilities, and also provide qualitative, perception-based measures of organisational performance (Institute of Social and Ethical Accountability, 1999; Zadek, 1998; Zadek *et al.*, 1997). Providing stakeholders with “information that is relevant to their needs and interests…invites further dialogue and enquiry” (Global Reporting Initiative, 2002, p. 1), and thus potentially provides a democratic basis for organisational responsibility.

Some critical theorists suggest that stakeholder engagement resonates with Habermas’ ideal speech act (Arrington and Puxty, 1991; see also Gray *et al.*, 1997). Communication can be the steering mechanism for society’s organisations. Questions have been raised, however, about current practice, particularly the willingness of managers to cede responsibility to ‘external’ groups, and the likelihood of changes happening as a result (Owen *et al.*, 2001).

Most of the literature emphasises dialogue at the pre-publication stage of the SEAR
process. Once produced, however, reports are widely assumed to play a part in subsequent dialogue cycles (Institute of Social and Ethical Accountability, 1999). It is to one report, clearly marked as part of a broader dialogue process, that my attention now turns.

**The 1998 Shell Report**

The Shell Report 1998 was prepared in 1997 and, while often attributed to Shell’s reputation crises associated with the Brent Spar and Nigeria, is positioned by Shell as part of a broader process of dialogue activities and strategic and operational changes.

While appearing much like a conventional ‘annual report’ (in terms of structure, layout and format), my interest centres on how the report references dialogue. Not only does it sit within a series of past and future dialogue activities, but the title of the report is a question (Profits and Principles – does there have to be a choice?), and the first page invites engagement with the company: “This report is part of a dialogue, and we will continue to seek your views” (p. 1).

According to Fairclough (2003) there is “a great deal of talk about ‘dialogue’, ‘deliberation’, ‘consultation’ and so forth” (p. 79), and such claims should be assessed against some criteria (see also Zadek, 1998). He suggests that the characteristics of ‘real’ public sphere dialogue include:

- That people decide to enter the dialogue, and can continue the dialogue on other occasions;
- Access is open to anyone who wants to join in, and people have equal opportunities to contribute to the dialogue;
- That people are free to disagree, and differences between them are recognized;
- There is space for consensus to be reached, alliances to be formed;
- It is talk that makes a difference – it can lead to action.

The Shell Report 1998 shows some innovation. Rather than confining dialogue to the pre-publication stage of the SEAR process, Shell attempts to actively utilise the report for dialogue purposes. Included in the report are a number of dilemmas the company is facing, and also explanations of how the company is attempting to respond. Nine ‘Tell Shell’ post-paid reply cards are included to facilitate participation.

It is to these cards, as well as their position in this report, that most of my analysis is directed.

**The ‘tell shell’ cards**

Participants are able to enter into dialogue with Shell by choosing to read the report, and can continue the dialogue and disagree with the perspectives put forward by completing a ‘Tell Shell’ card.

Each of the ‘Tell Shell’ cards are structured the same. They contain a ‘handwritten’ heading; an opening statement; space to respond to specific questions; a pointer to where Shell’s approach is located; and an option to record name and address.

In terms of how the cards (and much of the report as a whole) are presented, several features reduce social distance between Shell and the reader, and increase the accessibility of the report. Each card includes ‘Polaroid-type’ photographs; handwritten fonts; and instructions and questions written in informal and colloquial language.

Despite overtures toward dialogue, and attempts to increase accessibility, participants are not free to select and change topics, and Shell assumes the right to shape the dialogue. Each card addresses a specific issue: six relate to dilemmas:
Shareholder value vs. social investment
Economic muscle and political influence
Go in or stay out (of politically sensitive areas)
Islands of wealth (in developing countries)
When is a fee a bribe?
The high price of health, safety and environmental standards.

Three address more general issues:

- Communication
- Pace of development in renewable energy sources
- The Shell Report

Why dialogue is sought on these topics (and not others) is unclear. Further, in terms of the structure of the report, considering that an ‘Issues and Dilemmas’ section has the stated purpose of eliciting engagement and dialogue, it is unclear why the ‘Tell Shell’ cards are placed before, rather than after, this section.

The use of a static card has important limitations. As a ‘one-way mediated form of communication’ (Fairclough, 2003), Shell maintains control over continuing the dialogue and thus opportunities for having differences recognised and reaching consensus are constrained.

Further, as currently structured, it is doubtful that everyone can join the dialogue. Despite being pitched by Shell as a global report, and considering that Shell has operating companies in over 130 countries and more than 800,000 shareholders (Shell Report, 1998), the post-paid reply option is not available everywhere, and submitting feedback to the company’s website is limited to countries/regions with internet access.

Supporting an argument?
Perhaps more significant than the ‘technical’ limitations of a static card, the ‘Tell Shell’ cards assist to develop an argument that the current business system is sound, and that major reform is not required.

The ‘Tell Shell’ cards mediate a tight and close relationship between the ‘Issues and Dilemmas’ and Shell’s Business Principles. While it could be expected that the topics for dialogue reflect issues facing the company, it seems coincidental that they also relate almost exactly to eight of Shell’s nine business principles; the very system that Shell has put in place to manage such concerns. It may be that the dilemmas have arisen from attempts to operationalise the principles, but this is not clear. Instead, it seems that Shell’s General Business Principles are sufficient for managing social/environmental concerns, and no additional reforms are required.

Suspicion is reinforced by the textual structuring of the ‘Issues and Dilemmas’ section. The background information contains categorical imperatives and is written in the objective third person (“Governments are held responsible for the protection of human rights. They must protect the life, liberty and security of their citizens”). When combined with reference to authoritative organisations (UN Declaration of Human Rights, the UN Framework convention on Climate Change), the reader is left with an impression that the issues and dilemmas are ‘facts’. Such texturing disguises that it is Shell’s interpretation of these issues that is presented.

Despite this ambiguity, Shell uses the interpretations to demonstrate its competence at managing the issues. Their response is written in the first person and they point out how their General Business Principles have been used to address the
dilemmas. While sometimes questions are posed (“What does a Shell company do when faced with this situation?”), mostly the engagement has already occurred. For example, in relation to human rights:

We have established a regular dialogue with groups which defend human rights. One such dialogue was with Amnesty International and Pax Christi (March 1998) to assist others addressing this topic... We continue to debate the issues within the Group and work with human rights specialists to improve our understanding of the subject (pg. 33).

The suggestion is that, while remaining an issue/dilemma, steps are well underway towards their resolution and there is no further engagement, and especially no additional reform, required. The use of language in this report transforms potential participants to the dialogue into past participants.

Considering the very close correspondence between the ‘Issues and Dilemmas’, the ‘Tell Shell’ cards and ‘Shell’s Business Principles’ it is worth reflecting on why principle eight (competition) is excluded from the dilemmas and cards. Principle eight states “Shell companies support free enterprise. They seek to compete fairly and ethically and within the framework of applicable competition laws; they will not prevent others from competing freely with them” (p. 28). Perhaps the issue of competition and the free enterprise system is not an issue open for debate – further reinforcing that the company is mostly interested in how it can be socially/environmentally responsible within current structural arrangements.

In this vein, consider the instructions that accompany the ‘Tell Shell’ cards. Participants are asked to place themselves: in the position of the manager of a local operating company of a multinational corporation.

Participants are encouraged to:

Imagine that your company has been present in the country in question for 75 years. It has assets of some US$500m and 1,000 employees of whom 98% are local staff. The revenue generated for the local government by your operations represents some 20% of the national GDP. Over the last 50 years there have been several different regimes in power.

In framing a response, therefore, Shell wants participants to realize that:

These situations are typical of those faced by some managers in the everyday conduct of their business and the factors they have to take into account when making decisions.

While these instructions provide valuable context for some of the challenges that Shell managers face, they also provide further evidence that the fundamental nature of the business system is sound, and not open to debate. Dialogue is enacted in order to gather feedback about current activities and not to develop a democratic basis for organisational purposes and responsibilities.

**CONCLUSION**

At face value, Shell’s explicit commitment to dialogue marked in its 1998 report shows an innovative and courageous attempt at developing dialogue and engagement between one of the world’s largest companies and groups and individuals in society. A close analysis of the positioning and structuring of the cards demonstrates how the impression of dialogue can be used to shape the parameters of the debate.

Rather than being an open and easy mechanism in which unconstrained dialogue can democratically articulate the role and
responsibilities of business in society, the ‘tell Shell’ cards play an important role in resisting fundamental change to the current business system.

REFERENCES
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COMMUNITY ATTITUDES AND ACTIVISM ON SOCIAL, POLITICAL AND ENVIRONMENTAL ISSUE

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ABSTRACT
The social issues of most concern to the Australian public appear to be Taxes and Health Care, with Environmental issues being ranked as the first or second most important social issue in Australia by only around 15% of respondents to the 2005 Australian Survey of Social Attitudes. While citizens are making their views heard, albeit by more indirect than direct means, and this has not changed substantially in previous three years. Coupled with this, is evidence of scepticism of big business among the community, particularly banks and financial institutions who claim to be at the forefront of social reporting. In the current climate of increased awareness of global issues such as climate change and terrorism we might expect citizens to be more involved in, or vocal about, social and environmental concerns than this survey indicates.

INTRODUCTION
The major social issues of concern to the Australian public appear to be Taxes and Health Care, with Environmental issues being ranked as the first or second most important social issue in Australia by only around 15% of respondents to the 2005 Australian Survey of Social Attitudes (AuSSA)\(^1\). There is evidence in the Survey however, that citizens are making their views heard, albeit by more indirect than direct means, and this has not changed substantially in previous three years. Coupled with this, is evidence of scepticism of big business among the community, particularly banks and financial institutions, who are among those producing social reports. In the Survey over 75% of the respondents felt that big business goes unpunished when breaking the law (down slightly from 81% in 2003) and 61%

\(^1\) Full information about AuSSA can be accessed via their website: [http://aussa.anu.edu.au/](http://aussa.anu.edu.au/).