Corporate Social Responsibility

- re-territorialisation of global business

Grounding foreign companies in local context through CSR - the case of Norwegian Business in Indonesia

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Tarje I. Wanvik

To Anna and Laura with love.

Executive summary

This thesis seeks to explore whether Corporate Social Responsibility (CSR) can be said to have a grounding effect in an evermore-globalised economy. I will attempt to understand CSR through different theoretical perspectives, from the geographies of globalisation to theories of power and networks, and recognizing their intertwining nature. Rather than trying to split up different theoretical entry-points to CSR, I will seek to look at this phenomenon as something ascending from the encounter between companies and local communities, as something mediated and contested amongst the company and its stakeholders. In these encounters, there are two main interests intersecting: a company's main goal of profit, and the local community's desire for development, prosperity and control over its own resources. At the same time, there exist two main concessions: the company has a need for legitimacy and acceptance in the society where it operates (licence to operate), and the local community has a need for additional private economic activities and support.

Geographical theory gives us some clues to how CSR might influence both communities and companies. In the following, I will look into traits of resource transfer and exchange, trust and reciprocity between companies and local communities, but also look into how deeply founded CSR is in company conduct. The latter will serve as an indication of what kind of ownership such potential grounding activities have within the company. To which extent do companies involve in places and its people through CSR activities, and do they induce values and meaning into the places they operate?

Finally, I will discuss whether or not CSR can be said to contribute to a more transparent and accountable way of increasing the reciprocity between foreign companies and the local communities they operate within, and curb more illegitimate, corrupt practices and expectations.

Foreword

"There is only one evil, one crime, one sin: lack of heart"

Eduard Dowes Dekker, alias Multatuli (1860)

Researching foreign companies and their activities in Indonesia from a social responsible point of view is not a new exercise. In fact, the very basis of the wave of responsible consumerism and certification of fair trade products and practices building up from the mid nineties stems from a similar effort some 130 years earlier.

An angry and bitter Dutch civil servant in Java returns to Europe in the late 1850s "*burn(ing) with an insatiable desire to end the ill treatment and oppression inflicted on the native peoples by the colonial administration*" (R.P.Meijer 1960, 1987, in Multatuli 1987). His name is Eduard Dowes Dekker. In a fictional novel, written by Dekker under the pseudonym Multatuli (i.e. I have suffered much), he tells the story of his alter ego *Max Havelaar.*

The former colonial control of Indonesia (the Dutch East Indies) had passed from the Dutch East India Company (VOC) to the Dutch government due to the economic failure of the VOC. In order to increase revenue, the Dutch colonial government implemented a series of policies termed the Cultivation System (Dutch: *cultuurstelsel*), which mandated Indonesian farmers to grow a quota of commercially tradable crops such as tea and coffee, at the expense of staple foods such as rice. At the same time, the colonial government also implemented a tax collection system in which the collecting agents were paid by commission. The combination of these two strategies caused widespread abuse of colonial power, especially on the islands of Java and Sumatra, resulting in abject poverty and widespread starvation among the farmers.

Eduard Dowes Dekker, alias Multatuli, wrote *Max Havelaar* as a protest against these colonial policies. The widely debated book raised the awareness in Europe at the time, opening European eyes to the fact that the wealth that they enjoyed was the result of the suffering of others. This awareness eventually formed the motivation for the new Ethical Policy by which the Dutch colonial government attempted to "repay" their debt to their colonial subjects by providing education to some classes of natives, generally members of the elite loyal to the colonial government. Max Havelaar was truly influential, both in Holland

and throughout Europe, and ultimately described as the "book that killed colonialism" (Toer, 1999).

Many years later, Max Havelaar became the symbol for an entire new movement certifying ethical working conditions: fair trade labelling initiatives[1].

I encountered Max Havelaar for the first time as a young student in Bergen, when I participated in the efforts of introducing the certifying label to local convenient stores through prankster activities. It was only recently, and quite coincidental, I have to admit, that I discovered that this precocious and energetic chapter of my past would come back to add colour to my master thesis – 15 years later.

The challenges in doing business in Indonesia today may not be of the same kind as the ones experienced by Max Havelaar. But it remains a fact that meeting differences in culture, traditions, regulatory framework and wealth still represent great challenges and pitfalls to foreign enterprises in general and Norwegian companies more specifically.

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[1] The Max Havelaar label, the world's first Fairtrade Certification Mark, was officially launched by Strichting Max Havelaar [The Max Havelaar Foundation] on 15 November, 1988 ("Fair Trade," *Essex Internet Encyclopedia of Human Rights)*. This Dutch labeling initiative was a social movement designed to empower producers, primarily in developing countries. The over-arching goal was to improve working conditions and environmental practices, by placing informative certification stamps on qualifying products.

1.0 Corporate Social Responsibility: re-territorialisation of global business?

Grounding foreign companies in local context through CSR - the case of Norwegian Business in Indonesia

1.1 Introduction

Within the contemporary Globalisation debate, and in this era of hypermobile capital and footloose firms, there has been a widespread notion that "anything can be located anywhere" (Jones, 2010:120). Naturally, geographers have been heavily engaged in this debate, as a considerable portion of the discussions revolves around the transformation of spaces and places: Anthony Giddens and his "space - time compression" (1990, 1999), Manuel Castells "space of flows" (2003), de Landa's "de-territorialisation and dis-embedding" of human activities (2006), David Held's stretching, deepening and speeding-up of social interactions (Held and McGrew 2007), etc. (in Jones 2010). Sometimes, one might get the feeling that space and place are becoming irrelevant as categories altogether, and many spatially fixed institutions with them: the nation state, the local community, cornerstone businesses, etc.

In Bergen, Norway, my family and I live in the old industrial village Alvøen, where industry and community once were symbiotic and interdependent: Back in the 18.th and 19.th century and all the way up to the early 1980s, the factory employed almost everybody in the community, and it founded and ran the bank, the school, grocery store etc. The factory built and rented out housing facilities for the workers and their families. One can assume that there was a significant transfer of private capital from the factory to the local community through multiple channels, that ensured reciprocity between company and community, relative prosperity and a certain local development and social security (Haugrønning 2006:60-63). Within the globalization discourse, it may seem as if the history of this place is the point zero of the transformations that Held, Giddens, Castells and many more hold globalization responsible for; the ancient place where the local community and the business was one.

On the other side of the scale, one might claim to find the modern state of Indonesia, which is the spatial framework of this thesis. It grew by unprecedented figures during the dictatorship of the late President Suharto and his vast de-regularisation of finance and trade in the 1980s. The Indonesian territory became easy accessible for transnational companies, with trade barriers lifted and government involvement minimalized (Drake 2007). The extractive

industries and labour intensive factories exploited the rich soils of Indonesia, shipped the raw materials out for processing elsewhere, and sold the processed goods to yet other destinations. This production network could be described as dis-embedded and de-territorialised in as much as the friction of space and time was minimalized by few government interventions, low transportation costs and unregulated access to cheap labour.

However, some proclaim that contrary to the hyper globalisation enthusiasts' notions, places still continue to play a substantial part in human interaction in general, and in global economic activities more specifically. Production remains territorially embedded. Every firm, every economic function is – quite literally, grounded in specific locations (Dicken 2010). This grounding is physical, in form of buildings, infrastructure, etc., and social, as human labour, competences etc. (Sassen in Jones 2010, see also Ong 2006, Massey 1995), but also deeply influenced by the concrete socio-political, institutional and cultural contexts within which they are embedded, produced and reproduced (Dicken 2010).

On both sides of this empirical and theoretical divide there is evidence of processes and tendencies leading to both more *and* less embedding or grounding of human activities in general and, more specifically, business activities across the globe. Today the stories of globalisation continue to lure companies operating with high costs and small margins in the richer part of the world. Norwegian companies are no exception, and they have in recent years increasingly been considering the global market, including Indonesia, for their operations and investments. At the same time, geographical hindrances stand in the way of the same investments, and may be the reason why so few Norwegian companies actually take the great leap out of its own comfort zone.

On the other hand, Indonesia is feeling the heat of growing domestic demand for better infrastructure, better services and better social security among its increasingly wealthy population. Now the country is considering how to re-gain control over its abundant resources in order to harvest more of its yield. A wide range of tools are being put into action by the Indonesian state in order to increase it's revenues from foreign investments: from export tax on selected unprocessed minerals and forced nationalisation of foreign firms, to compulsory competence transfer from foreign companies to local work force.

From a geographical perspective, one effort in particular is interesting in the power play between transnational companies and Indonesia and the efforts to re-territorialise economic activities: Investment law #40 and its article #74 on corporate social responsibility (CSR) of 2007. Article 74 states that all companies within extractive industries or connected to natural resources will have to spend a percentage of their profits on social development locally. Indonesia is the first country ever to introduce such a law on direct investments within its borders. Potentially, it puts foreign companies in direct contact with local Indonesian social development agenda, attaching Norwegian companies to the Indonesian environment. An investigation of the motivation behind the law, its wider consequences and the practical implications and the "grounding effects" caused by foreign companies' CSR activities and stakeholder management, seems therefore intriguing from a geographical perspective.

CSR becomes a truly geographical concept, providing companies with corporate citizenship and correspondingly a corporate sense of place.

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Excerpt, Chapter 2.3.3

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1.1.1 Research questions

I will propose the following research questions for this thesis: *Can Corporate Social Responsibility work as a catalyst for grounding foreign companies to local communities in an ever-globalising world? And is the CSR law of Indonesia part of a* "re-territorialisation" *tendency?*

My outset is to find answers to this question by **investigating the motivation behind article 74 in the 2007 Investment Law, its practical use and wider consequences, looking for potential "geographical grounding effects" for Norwegian companies operating in Indonesia**.

This calls for a multi-dimensional theoretical approach to the subject at hand. First, I need to look into the *geographies of globalisation* and its current influence on geography. Second, I need to elaborate on *CSR theories in general and stakeholder theory more specifically*, and how the Indonesian CSR law, its implementation and the companies' responses fit into this picture. I want to discuss CSR theories from a geographical point of view and look at the various geographical dimensions of the different theoretical approaches. Finally, I need to

elaborate *on theories of power and network* in order to understand the logics of the stakeholder management and its consequences for the CSR activities of Norwegian companies in Indonesia. I paint with broad strokes, covering several deeply influential theories within geography, power and networks, without digging too deep into their technicalities. In my work with this thesis, I have found theories of place and human interactions both very abstract *and* distinctively concrete, and I would argue this calls for openness to interpretation and variety of entry-points to understanding the geographies of place. By exploiting a broad fan of theories, I will try to honour this openness and colourful source of understandings.

Empirically, I first need to look into *a) the development of the law, the motivations behind it and its current status.* Second, I need to explore the different CSR activities and stakeholder management of the Norwegian companies by looking at: *a) how is CSR treated and motivated within the companies and b) who are the main target groups for the companies' CSR activities and how do the companies interact and communicate with these, and c) are there substantial differences between companies within the catchment area of the law and those which fall outside its field of influence?*

I will try to combine the theoretical approaches with my empirical findings in order to analyse how Norwegian companies in Indonesia and its stakeholders struggle to exploit and adapt to the transformational nature of globalisation. And the final, obvious question has to be asked: has the world really changed? My village outside Bergen was actually run by Dutch immigrants, just like Indonesia, coming from the Netherlands with competence and modern way of life of Europe, to exploit the fertile soils of my backward, colonised hometown in the fringes of the European continent, some four hundred years ago, about the same time as the Dutch colonised the Indies. In this way, I have an even stronger relation to the subject at hand. Maybe the factors leading to the heavy involvement in the local community back then can be said to be the same forces influencing Norwegian companies in Indonesia today?

2.0 Towards a Theory of Grounding

2.1 Geographies of Globalisation

2.1.1 Paradoxes of place

Globalisation is a buzzword for a world that is seen as increasingly stretched, shrunk, interwoven, integrated and less state-centred than in the past (Agnew, 2011). Since the turn of the century, commentators have been writing about the levelling effects and technology that make place unimportant. Technological progress has eroded the economic significance of physical location. Place, we have been led to believe, is no longer relevant (Florida, 2011). Just the fact that Norwegian companies consider moving operations to faraway destinations like Indonesia, is in a way confirming the space-time-compression (Giddens in Jones 2010) and the stretching of space (Held in Jones 2010).

Certainly, globalisation is powerful. Places and actors that never had a chance to participate in the world economy are now increasingly taking part. However, not all of them are able to participate and benefit equally. Innovation and economic resources remain highly concentrated. As a result, the really significant locations in the world economy remain limited in number (Florida 2011). There is a tendency for higher-level economic activities such as innovation, design, finance, and media to cluster in a relatively small number of locations.

Outside places of high economic activity, innovations and scientific break-through, we find the blind spots of the globalised world – impoverished urban dwellings, rural areas or far-flung places that have relatively less concentration of population or economic activity, and little connection to the global economy. In Indonesia's capital Jakarta, the upper middle-class people live better than those in my hometown Bergen in Norway, while in the countryside, just outside the city, or even in the backstreet within the city, people live in what can only be described as pre-civilized conditions. Almost half of the population in Indonesia live on about $2 a day (Manning and Sumarto 2011).

However, location still matters, and the more things are mobile, the more decisive location becomes (Florida 2011). The strategic moves by Norwegian companies to operate outside its own hemisphere could also be a confirmation of space and place as intrinsically important and meaningful. There are profits to be made elsewhere, due to the characteristics of the places

they move to. But there are also considerable obstacles to be tackled, related to the different geographical realities that await the companies, and these could be the reason why so few Norwegian companies at the end of the day actually locate in Indonesia.

Some of the local communities that I have encountered during the research for this thesis could be categorised as blind spots of globalisation, although they are not among the poorest of the Indonesian archipelago. In these local communities, highly specialised, technological competence of (multinational) Norwegian companies, from the mainstream of globalisation, with national headquarters in downtown Jakarta, encounters rural everyday life in the fringes of the global economy. The relationship between these two geographically and socially polarised realities is at the core of this thesis.

The polarisation between the high activity-highly innovative places and the blind spots are not slowing down, and the world gets "spikier and spikier the farther you climb up the ladder of economic development, from producing basic goods to undertaking significant new innovations" (Florida, 2011). According to Doreen Massey, such relations construct economic space in an asymmetrical fashion. This in turn, can be said to produce something akin to a zero-sum geography, whereby certain areas (…) benefit on the expense of other regions (Massey 1995).

Tensions based on this asymmetry are created in places all over the globe (ibid.), and represent huge challenges for the governing bodies of nation-states in general, and the Indonesian government more specifically, that (still) is in charge of providing basic services to its highly differentiated population. Many globalisation theorists even claim that the nation-states have less and less leverage to actually enforce the policies necessary to combat such tensions (Castells 2003, Stadler 2006, in Florida 2011).

These are some of the striking paradoxes of contemporary world economy and the geographies of globalisation. I will try to look into some of the tools and strategies that are employed by both Norwegian companies and Indonesian stakeholders in order to limit the potential tensions made by the intersections of these polarised realities.

2.1.2 What is "place"?

If geographical categories like space and place still matters in a globalised world – then what is space and place, and how do we define it? In order to understand the geographical contribution to the field of globalisation, we need to look into the notions of these categories. The historical and on-going importance of place points to the fact that it is fundamental to human life, or indeed, existence itself (Cresswell 2011, in Florida 2011).

Location is the first of the geographer John A. Agnew's three-part definition of place that has stood the test of time: location, locale and sense of place (Agnew 1987, in 2011). Location refers to the where of something, either in an absolute sense according to some agreed measure such as longitude and latitude, or in a relative sense. The second of Agnew's aspect of place is locale. Locale refers to the material context for social and cultural life – the fact that we live in a world of buildings, roads, parks, fields, etc. The third of Agnew's characteristics of place is sense of place. This refers to the way in which places are given meaning (Cresswell, 2011).

Combining the three defining parts of Agnew's place, we can envision place as an entangled weave of strands from the realms of nature, social relations and meaning (Sack 1997). If we start from place, instead of thinking of it as an expression of something else, Sack suggests, then we can see the way that place interweaves all three realms and cannot be reduced to any of them (ibid).

2.1.2.1 Local communities as places

In this thesis, I treat local communities and place as corresponding concepts. According to formal definitions, communities have many spatial characteristics corresponding to the previous definition of place. Community is a group of people living in the same *place* or having a particular characteristic in common: a particular *area or place* considered together with its inhabitants: *a rural community*, or *local communities* (Oxford Dictionary 2012). Three linked qualities appear with some regularity in discussions of communal life (Smith 2001), and might prove relevant for this thesis when it comes to analysing the activities of Norwegian companies in local settings:

- **Tolerance** – an openness to others; curiosity; perhaps even respect, a willingness to listen and learn (Walzer 1997: 11).

- **Reciprocity** – Putnam (2000) describes generalized reciprocity as: "I'll do this for you now, without expecting anything immediately in return, and perhaps without even knowing you, confident that down the road you or someone else will return the favour". In the short run there is altruism, in the long run self-interest.

- **Trust** – the confident expectation that people, institutions and things will act in a consistent, honest and appropriate way (or more accurately, 'trustworthiness' – reliability) is essential if communities are to flourish. Closely linked to norms of reciprocity and networks of civic engagement (ibid), social trust – trust in other people – allows people to cooperate and to develop (Grimen 2009). Trusting others does not entail us suspending our critical judgment – some people will be worthy of trust, some will not.

These qualities are closely linked to the term Social Capital (Bourdieu 1991, Putnam 2000, in Siisiäinen 2000). The term has no precise definition, but common to most definitions is that they focus on social relationships that have productive benefits.

Two attempts at developing a definition are particularly relevant in my context: Putnam's emphasis on how the social organisation such as networks, norms and social trust facilitate cooperation to achieve mutual benefits (Putnam 1995: 67 and 2000) and Boxman more quantitative *"the number of people who can be expected to provide support, and the resources those people have at their disposal"* (Boxman et al. 1991, p. 52). Trust plays a significant role in many contemporary development theories, because (…) trust typically regulates social relations in which formal regulations, traditions or established social norms are lacking (Klijin and Edelenbos, 2008; Kooiman, 2003; Sørensen and Torfing, 2008, in Grimen 1999). According to Grimen (2009) high levels of trust shape an action space that makes it possible for those who show or give trust to carry out actions that would have been impossible without trust (see also Putnam 2000).

These are all very harmonising aspects of local communities and places, and Putnam in particular has been criticised of being nostalgic in his dealings with local communities. Over the years, attributes of meaning have been joined by "power" and politics. Place in this sense combines the spatial with the social, and by the end of the 1990s, it was clear that place was "saturated with notions of power" (Cresswell 2011, Amin 2002). Place is not simply the result of individual or collective production of meaning, but part of the process by which society is

produced, reproduced and transformed. Doreen Massey (1994) introduced the notion of the progressive or global sense of place. Her essay marked a transformation from thinking of place vertically – as rooted in time – to thinking of it horizontally, as produced relationally through its connections. Such a notion of place, rather than being introverted and reactionary, is extrovert and politically hopeful.

2.1.2.2 "Place" versus "space"

Yi-Fu Tuan draws the demarcation line between space and place. "What begins as undifferentiated space becomes place as we get to know it better and endow it with value" (Tuan, 1977). Furthermore, if we think of space as that which allows movement, then "place is pause: each pause in movement makes it possible for location to be transformed to place" (ibid.). This means that the same location can be both space and place, depending on one's perspective. Place is thus created from space when people care about it, either positively or negatively – when they invest it with their time, money, fear, anxiety, love etc. This is what Tuan means when he describes place as a "field of care". The distinction between the abstract realm of space and the affective, experiential world of place remains a powerful conceptual model for human geography.

How are these theorists relevant for this thesis? Especially Tuan and Agnew theorise around the notions of place and communities from the perspective of the individual, while this thesis is investigating the grounding of companies. I will argue that companies are being perceived as singular social agents (See chapter 2.1.3) within communities where they operate. As we shall see in the next chapter (2.2 Geographies of CSR), the responsibilities of companies are also strikingly similar to individual responsibilities following the logic of social interaction. And as a final reflection, individual managers are representing the companies in this thesis. Thus, the managers' sense of place or notion of location or locale would be ascribed the company (see also chapter 3.2).

I will investigate how the encounter between Norwegian companies and local communities takes place, and how potential differences between the two are being bridged or mediated. In this thesis, I will try to discuss whether there exist tendencies towards place-making among the Norwegian companies, either voluntary or forced, in a way that can be said to be grounding or embedding their activities in the local contexts where they operate.

2.1.2.3 Place as representation

Today, theories of place underline the notion of place as representational. Contemporary notions of place are less focused on community and coherence than on power, politics and the struggled over nature of place making. Any place will be a matter of contestation and change over time. Places continue to project power and authority, whether private and corporate or public and political. Places are also the stages for the loosely allied notions of practice and performance. This goes along the lines of Amin and Thrift (1994:9) and their insisting on seeing the local as a real territorial arena of social interaction composed of difference and conflict, of related and unrelated connections, of social and economic heterogeneity, of parochial and universal aspirations, and of local and global determinations. Each setting, with its distinctive sense of place and its "bringing into play of locally sedimented, practice based knowledge and experience" (…) becomes a potential site of struggle and resistance (Pred, 1989, in Amin and Thrift 1994).

This partly describes the environment Norwegian companies move into when they invest in the Indonesian market: in the global division of labour, Indonesia positions itself close to the bottom considering the level of wages and level of labour organisation. The investment climate and regulatory framework is accordingly pleasant towards foreign companies, although, as we shall see, some major hindrances still hamper the activities to some extent.

At the same time, particularly Norwegian companies involved in natural resources and the local labour market, face a range of "localised" issues like poverty, logistics facilitation and environmental concerns that opt for local incidents of more or less organised struggle.

2.1.3 Territorialising and de-territorialising forces

Places are increasingly thought of as the interplay of the realms of the material, the immaterial and representational. One key approach that might allow us to examine this interplay creatively is the "assemblage theory", derived from the work of Deleuze and Guattary (1987, in Cresswell 2011), and is developed most fully by Manuel De Landa (2006). His social ontology is based on the notion that an "assemblage" is a product of a contingent historical process in which components are brought together for the first time. According to De Landa, assemblages are unique and singular individuals. This notion of 'individual' needs some quick clarification; as a realist De Landa argues that the word 'individual' can be applied to

anything; communities, organizations, atoms, species, ecosystems etc. Another characteristic of assemblages as individual singularities is that they have their own capacities and tendencies; new parts can enter the assemblage and the assemblage can constitute new relations, for instance (Verburgt 2010).

De Landa defines the concept of assemblage along two dimensions. One dimension connects the material to the expressive. The other connects territorialisation to de-territorialisation. In this thesis, I find it relevant to dwell on the latter. Place clearly has a material aspect as evident by all the things that go into making up the topography and textures of place. Places also have expressive capacity, and most obviously, perhaps, there are territorialising functions at play in place. Political boundaries, labelling, mapping, place promotion, forms of representation, naming and all the individual and group practices that are characteristic of a place all act to hold the assemblage of a particular place together (Cresswell 2011).

Similarly, there are de-territorialising forces at play that erode, replace or dissipate elements in the place assemblage. The flight of capital and forms of communication technology, and movement in and out of place all operate in extroverted and centrifugal ways. The de-territorialising processes are not supposed to be morally or ideologically negative. Assemblages may still be strong but simply more spread out and heterogeneous. Massey's global sense of place clearly includes very strong de-territorialising processes (ibid).

2.1.3.1 Attachment and detachment forces
In order to operationalize the terms of territorialisation and de-territorialisation regarding Norwegian companies and their engagement in Indonesia, I will in the following explore a corresponding pair of concepts: attachment and detachment. I want to investigate how Norwegian companies are being subjects to attachment forces (external), that is: how are they being influenced into joining a local "assemblage"? On the other hand, I will try to look into strategies of reaction and resistance: how do the companies respond to the attachment forces, both positively (attachment strategies (internal)) and negatively (detachment strategies (internal))?

Attachment forces and strategies are typically forces that bind companies to a certain location, and help develop a stronger relationship between place and company, like resource

investments (Agnew 2011), social interaction and building of trust (Grimen 2009), and exposure over time, knowledge and insight (Tuan 1977). Detachment forces and strategies typically involve forces that prevent or obstruct such attachment, like otherness and distancing (Said 2003), strategic ignorance (Mills etc, ibid) and dis-identification.

In this thesis, I will examine whether Norwegian companies might be said to take part in and be objects to both territorialising (attachment) and de-territorialising (detachment) forces in the local communities that they operate within, and if actors among their Indonesian stakeholders can be found trying to influence company conduct in either directions.

2.1.4 Conclusions on Geographical theories

In this part, I have operationalized my research questions into the following:

- *In Indonesian local communities, multinational Norwegian companies with highly specialised, technological competences, encounter rural everyday life in the fringes of the global economy. The relationship between these two geographically and socially polarised realities is at the core of this thesis.*
- *I will try to investigate how the encounter between Norwegian companies and local communities takes place, and how potential differences between the two are being bridged or mediated. I will try to look into some of the tools that are employed by both Norwegian companies and Indonesian authorities (local and national) and how they try to limit the potential tensions made by the intersections of these polarised realities.*
- *I will discuss whether there exist tendencies towards place-making among the Norwegian companies, either voluntary (attachment strategies) or forced (attachment forces), in a way that can be said to be grounding or embedding their activities in the local contexts where they operate.*

2.2 Geographies of Corporate Social Responsibility

It can be said that the discourse of CSR grew out of the already mentioned tensions between polarised realities of an ever-globalising world – between multinational companies and impoverished local communities outside of the globalisation current.

As I have mentioned in my introduction, the Indonesian state applies several tools in order to increase the transfer of resources and competencies from international companies to local communities. One of these tools is article 74 under the Investment law (#40), (in the following referred to as the "CSR law"). I will in this part of the theoretical chapter try to present the contemporary theories of CSR. In the empirical chapter, I will try to elaborate on the outline of the law and the development that led to its creation. Thereafter, I will discuss how the CSR law fit into the contemporary discourse on CSR.

2.2.1 Corporate Social Responsibility, a discussion of concepts

Since the second half of the 20th century a long debate on corporate social responsibility (CSR) has been taking place. In 1953, Bowen wrote the seminal book Social Responsibilities of the Businessman (Garriga and Melé 2004). From then, the field of CSR has been representing not only a landscape of theories but also a multitude of approaches, which are controversial, complex and unclear. Furthermore, some of the CSR theories combine different approaches using the same terminology with different meanings. The problem is an old one:

"Corporate social responsibility means something, but not always the same thing to everybody" (Votaw 1973).

Carroll, one of the field's major contributors, also puts words to this challenge:
"An eclectic field with loose boundaries, multiple memberships, and differing training / perspectives; broadly rather than focused, multidisciplinary; wide breadth; it brings in a wider range of literature; and it is interdisciplinary" (Carroll 2012).

Garriga and Melé (2004) are giving an outstanding wall-to-wall presentation of the many theories of CSR. They seek to place the company into a social system (or geographical context, one might add), and are inspired by Parsons' (1961) four aspects that can be observed in most social systems: adaptation to the environment (related to resources and finance), goals (related to politics), social integration and preservation of social patterns (related to culture and values). Their presentation corresponds rather well with the socially defined characteristics of place given by Agnew (2011) as locale (adaption to environment), and sense of place (related to politics, culture and values). I will return to the geographical implications of CSR after this preliminary discussion.

2.2.2 Four types of CSR

Garriga and Melé categorize the CSR theories into four types: 1) instrumental theories, where the company seeks only to maximize profits, and its CSR activities are only seen as a means to achieve economic results, 2) political theories, which discuss the company's power in society and responsible use of this power, 3) integrative theories, where the company is committed to satisfy social needs around their business to achieve legitimacy, acceptance and prestige (license to operate), and 4) ethical theories, based on the ethical obligations companies have to society (2004).

2.2.2.1 Instrumental theories

Instrumental theories have a long tradition and have enjoyed a wide acceptance in business so far. As Windsor has pointed out:

"A leitmotiv of wealth creation progressively dominates the managerial conception of responsibility" (Windsor, 2001, p. 226).

Concern for profits does not exclude taking into account the interests of all who have a stake in the firm (stakeholders, see below). It can been argued that under certain conditions, the satisfaction of these interests contributes to and increase the shareholder value (Mitchell et al., 1997; Odgen and Watson, 1999, in Garriga and Melé 2004). In practice, a number of studies have been carried out to determine the correlation between CSR and corporate financial performance. Of these, an increasing number show a positive correlation between the social responsibility and financial performance of corporations in most cases (Frooman, 1997; Griffin and Mahon, 1997; Key and Popkin, 1998; Roman et al., 1999; Waddock and Graves, 1997, ibid.) However, these findings have to be read with caution since such correlation is difficult to measure (Griffin, 2000; Rowley and Berman, 2000, ibid).

The motives for this approach have traditionally been either creating comparative advantages (either as a responsible company or through cause-related marketing), or to develop consumer markets among the lower end of the economic pyramid. The instrumental theories are clearly putting CSR into the "means to an end"-category, in order to ensure the maximum output from the geographical context, or locale, that the company is operating in. It might be hard to imagine any other basic outset for a company when it comes to contemplating on why CSR is

important. But as we shall see, CSR is not only (if at all) motivated from within the companies.

In this thesis, I will investigate whether CSR activities with profit maximising motivation also carries some sort of "tension ease" between the company and the local communities, or between the company and other local or national stakeholders.

2.2.2.2 Political theories

Davis (1960) was one of the first to explore the role of power that business has in society and the social impact of this power. He formulated two principles that express how social power has to be managed: "the social power equation" and "the iron law of responsibility". The social power equation principle states that "social responsibilities of businessmen arise from the amount of social power that they have" (Davis, 1967, p. 48, in Carriga and Mele 2004).

"Whoever does not use his social power responsibly will lose it. In the long run those who do not use power in a manner which society considers responsible will tend to lose it because other groups eventually will step in to assume those responsibilities" (Davis 1960, p. 63, ibid.)

Along the same lines, Donaldson (1982, ibid) considered the business and society relationship from the social contract tradition, mainly from the philosophical thought of John Locke. He assumed that a sort of implicit social contract between business and society exists.

2.2.2.2.1 Corporate citizenship

Within the political field of CSR, this idea of the firm as (responsible and entitled) citizen is not new (Davis, 1973, ibid.). A renewed interest in this concept among practitioners has appeared recently due to certain factors that have had an impact on the business and society relationship. Among these factors, especially worthy of note are the globalisation phenomenon and the supposed crisis of the Welfare State. The notion of citizenship has always connoted a sense of belonging to a community. Perhaps for this reason it has been so popular among managers and business people. Carroll (1999) believes that "Corporate citizenship" seems a new conceptualisation of the role of business in society and depending on which way it is defined, this notion largely overlaps with other theories on the

responsibility of business in society. Theories and approaches on "corporate citizenship" are focused on rights, responsibilities and possible partnerships of business in society (and reciprocity, trust and tolerance, one might add (Waltzer 1997, Putnam 2000, Grimen 2009)).

2.2.2.3 Integrative theories

Integrative theories looks at how business integrates social demands, arguing that business depends on society for its existence, continuity and growth. Basically, the theories of this group are focused on the detection and scanning of, and response to, the social demands that achieve social legitimacy, greater social acceptance and prestige for the company.

2.2.2.3.1 Issue Management

In one of these approaches, called Issues management, it is crucial for the company to consider the gap between what the relevant stakeholders expect its performance to be and the company's actual performance. Again we can see this as trying to bridge the gap between the realities of the highly globalised company and the blind spotted local community in the fringes of the global economy.

Issue Management is closely related to Reputation Management. Reputation is defined in the communication literature to as

"The sum of the expectations of the environment has to a company's products, services and activities in relation to business, social and financial performance." (Robstad and Ihlen, 2004).

Reputation arises in the intersection between expectations and experiences, as generated by the respective company or organization's promise and delivery. It's not just what is delivered (the experience) that determine the reputation, but perhaps rather the relationship between the experience and what was promised (the expectations). Expectation management is therefore central to reputation building.

Hult (2011) considers the reputation as the sum of impressions and reactions created by the company's interaction with the outside world. In those cases where the impressions are in harmony with the recipients' values, positive reactions will build a positive reputation.

Disharmony between the impressions and values will generate negative reactions and loss of reputation. Reputation can thus be positive or negative.

2.2.2.3.2 Stakeholder theory

Stakeholder theory tries to integrate groups with a stake in the firm into managerial decision-making. Stakeholders can be defined as *people or groups of people who affect or are affected by corporate policies and practices.* Although the practice of stakeholder management is long established, its academic development started only at the end of the 1970s (see, e.g., Sturdivant, 1979, in Garriga and Melé 2004). In a seminal paper, Emshoff and Freeman (1978, ibid) presented two basic principles, which underpin stakeholder management. The first is that the central goal is to achieve maximum overall cooperation between the entire system of stakeholder groups and the objectives of the corporation. The second states that the most efficient strategies for managing stakeholder relations involve efforts, which simultaneously deal with issues affecting multiple stakeholders. In the recent decades, corporations have been pressured by non-governmental organizations (NGOs), activists, communities, governments, media and other institutional forces. These groups demand what they consider to be responsible corporate practices. Now some corporations are seeking corporate responses to social demands by establishing dialogue with a wide spectrum of stakeholders. We can draw a line from this to the characterisations of communities and the central importance of trust, reciprocity and tolerance (Waltzer 1997, Putnam 2000 and Grimen 2009).

Stakeholder dialogue helps to address the question of responsiveness to the more or less clear signals received from the environment.

In this thesis, I find stakeholder theory and stakeholder management to be highly relevant in order to understand and analyse Norwegian companies and their attitudes and actions within the Indonesian market, and I will investigate the subject of stakeholder theory in more detail (see chapter 1.3.5) in order to elaborate on the concept and try to operationalize it into analytical tools. Some concerns will however appear when it comes to identifying stakeholders. There exist several definitions of stakeholders, and there seems not to be a common understanding, neither in theory nor in practical life, of what groups constitutes this category. I will return to this in chapter 2.2.5.

2.2.3 Artificial categorisation of theories

According to Garriga and Melé (2004), there is a fourth group of theories or approaches, focusing on the ethical requirements that cement the relationship between business and society. However, I will argue that ethical motivation of some kind will be found in practically all CSR theories and practices, be it instrumentalist, altruist or any other variety of the ethical categories.

All these different entry points to CSR theories are in their own right grounded in ethical theories. Definition of ethical principles in this regard suffice to the means by which the decisions and actions leading towards harms to some and benefits for others, can be objectively judged to be "right" or "wrong", "just" or "unjust", "fair" or "unfair".

Ethical principles are the fundamental rules by which and individual can, if he or she chooses and has the necessary knowledge of the principles, examine his or her moral standards and verify his or her value judgements and motivations (thinking about moral standards in a logical and structured manner). Suffice to say, ethical theories are only analytical categories by which we can judge human or corporate behaviour and conduct. As such, ethical theories are vital tools in order to investigate both the motivation and the consequences of CSR activities, but not an approach to CSR in itself.

And if one starts to look at the divisions made by Garriga and Melé, one finds more artificial divisions and unnecessary fragmentation of the field. Stakeholder theory, as a core example, could have been included in the instrumental, the political *and* the integrative theories group. I will in the following argue that stakeholder theory is at the centre of all CSR theory and practices.

Proper stakeholder management could be viewed as vital to reach a state of common recognition of a company's goals among vital interest groups around the company, and thereby facilitate company goal achievement. Stakeholder management could likewise be seen as a means for including stakeholders in the political negotiations of corporate power and politics, and it could be viewed as a way to integrate social demands into corporate practice. It could also be seen as a way of embedding a company into the local community by making the

company invest values and interests in the local community in exchange for loyalty and support for corporate goals. In this way, CSR becomes a truly geographical concept, providing companies with corporate citizenship and correspondingly a corporate sense of place.

Stakeholder management could as easily be treated as a geographical concept mainly due to Freeman's contribution Strategic Management: a Stakeholder Approach (Freeman 1984). In this book, he took as starting point that "managers bear a fiduciary relationship (relationship of trust) to stakeholders" (Freeman, 1984, p. xx), instead of having exclusively fiduciary duties towards stockholders, as was held by the conventional view of the firm. Again, this is in line with a notion of a company embedding in a local community, living up to community characteristics like trust, reciprocity and tolerance. In a more precise way, Donaldson and Preston (1995, p. 67) held that the stakeholder theory has a normative core based on two major ideas. 1) Stakeholders are persons or groups with legitimate interests in procedural and/or substantive aspects of corporate activity (stakeholders are identified by their interests in the corporation, whether or not the corporation has any corresponding functional interest in them). And 2) the interests of all stakeholders are of intrinsic value (that is, each group of stakeholders is worthy of consideration for its own sake and not merely because of its ability to further the interests of some other group, such as the shareowners). Here, Donaldson and Preston communicate well with Manuel de Landa and his concept of Assemblage, as we shall return to.

2.2.4 An inclusive model – the geographies of CSR

This thesis will attempt to place itself somewhere between these different theoretical perspectives by recognizing their intertwining nature. Rather than trying to split up different theoretical entry-points to CSR, I will seek to look at CSR as something ascending from the encounter between multinational companies and local communities, as something mediated and contested amongst the company and its stakeholders. In this encounter, there are two main interests intersecting: every company's main goal of profit, as profit is their raison d'être, and the local community's desire for development, prosperity and control over their own resources. At the same time, there exist two main concessions: the company has a need for legitimacy and acceptance in the society it operates (licence to operate), and the local community has a need for additional economic activities and support.

Geographical theory gives us some clues to how CSR might influence both communities and companies. In the following, I will look into traits of resource transfer and exchange, trust and reciprocity between companies and local communities, but also look into how deeply founded CSR is in company conduct. This will serve as an indication of what kind of ownership such potential grounding activities have within the company. To which extent do companies involve in places and its people through CSR activities, and do they induce values and meaning into the places they operate?

2.2.4.1 Defining CSR

For the focus of this thesis, it will be practical to operate with a clear but broad definition of corporate social responsibility. In my work as a consultant and as an antagonist, I have met many business leaders who will argue that social responsibility is something all law-abiding companies perform, but I will contest. This thesis takes for granted that companies perform legitimate business. To do business in accordance with the law is however not sufficient to answer all the demands and claims of the company's stakeholders. The absence of illegal activities is therefore not sufficient to qualify for CSR activities.

According to Carroll, CSR include all social economic, legal, ethical and philanthropic expectations that the stakeholders have towards a business at all times (1979:500, in Hendeberg and Lindgren 2009). For this thesis, the definition is too wide. I do not have the opportunity to go in depth on the legal and economic expectations that all stakeholders have to a company's business, but also because with this definition, I will not be able to distinguish what is legally required and what is "beyond the statutory"[2].

The definition given by the World Business Council for Sustainable Development states that *CSR is the commitment of businesses to behave ethically and to contribute to sustainable economic development by working with all relevant stakeholders to improve their lives in ways that are good for business, the sustainable development agenda, and society at large*

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[2] The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. Still, the UN calls this initiative for the world's largest voluntary CSR initiative.

(WBCSD 1998)[3]. This is in line with the definition used by Indonesian authorities, and hence it is relevant to this thesis. The definition also contradicts the voluntary notion of CSR, and presents CSR as a commitment towards society. You can *take responsibility*, but you can also be *held responsible*. As this definition shows, CSR is just as much an answer to expectations towards the company as it is activities generated out of the company alone (Ackerman and Bauer 1976, and Davis 1960, Donaldson 1982, in Garriga and Melé 2004).

2.2.5 Stakeholder theory elaborated

There are several reasons for a prioritisation of stakeholder theory over other approaches to CSR theory. First, companies' stakeholders are critical to the company's goals, either directly or indirectly (Freeman 1984).

Secondly, they are directly or indirectly affected by the company's operations, and they form the social and geographical framework that companies operate within (ibid.). A stakeholder focus will also ensure that the company is analysed as a social entity (De Landa 2006) (see also chapter 2.1.2.2 Place versus Space, and chapter 3.2 Research Methods), in relation to its stakeholders, with the practical, political, philosophical and ethical implications this has for the company's behaviour (Garriga and Mele 2004).

And last but not least, stakeholder theory binds the company to place, to a geographical context, because the company's stakeholders will be different in different geographic areas and stakeholder agenda will be context specific.

Over the years, the Stakeholder Theory of Freeman has had significantly impact on management literature, and is by many recognized as a management tool in itself (Borglund et al 2009, Donaldson & Preston 1995; Freeman 1984; Garriga & Mele 2004, Carroll 2012). According to Donaldson and Preston (1995), many company executives view their company from a stakeholder perspective, and the theory has up to now been one of the most important references for the issues surrounding CSR (Borglund et al 2009). An increasing interrelation is noticed between the concepts of stakeholder theory, corporate responsibility and business ethics (Valor, 2005, p. 193; Garriga and Melé, 2004, p. 61).

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[3] This definition was developed in 1998 for the first WBCSD CSR dialogue in The Netherlands

The design of the stakeholder model was influenced by the traditional input–output model of managerial capitalism in which the company is related to only four groups: suppliers, employees and shareholders providing the basic resources for the company; which are transformed into products or services for the fourth group, namely clients.

The stakeholder approach has even been seen as "a powerful heuristic device, intended to broaden management's vision of its roles and responsibilities beyond the profit maximisation function to include interests and claims from non- stockholding groups" (Mitchell et al, 1997, in Carroll and Butchholtz 2012)

2.2.5.1 Definition Stakeholder

A stakeholder refers to any individual or group that maintains a stake in an organisation in the way that a shareholder possesses shares. Further, a stakeholder is here defined as any group or individual that *"can affect or is affected by the achievement of an organisation's objectives"* (Freeman, 1984, p. 46).

There is however a lack of clarity and consistency in the definition of a stakeholder, and indeed of a stake (Waxenberger and Spence, 2003). "Stakeholder ambiguity is difficult to manage because it is idiosyncratic and context-specific" (Hall and Vredenburg 2005).

The different understandings are founded in the differences between managerial and legal interpretations of the stakeholder concept. The legal interpretation rests upon rights and contracts: stakeholders have claims; firms have obligations and duties. Conversely, the managerial approach, originating from organisation theory and sociology, is more pragmatic and emphasises the relational aspects between stakeholders and the firm (Pesqueux et al., 2005). The stakeholders and the firm interact in a relational structure of alliance building, mobilising of resources/power and influence, and negotiations. To this thesis, a combination of both the legal and the managerial interpretation will serve as complimentary concepts.

2.2.5.2 Who are the stakeholders

Freeman (1984) set out to investigate who represent the stakeholders of a company, and made various attempts to illustrate the stakeholders' relationship to the company. In 2003 (Fassin 2008) he established five primary stakeholders (suppliers, financiers, customers, communities

and employees). Furthermore, he identified six secondary stakeholders with no direct contact with the company (NGOs, environmental activists, government, media, critics and others). The distinction between primary and secondary stakeholders, Freeman makes between those who are critically necessary for the company's achievement, and those who are not. Hendeberg and Lindgren (2009) further modified this model when they pinpointed that it might indeed be relationships between the company and its secondary stakeholders (se figure below).
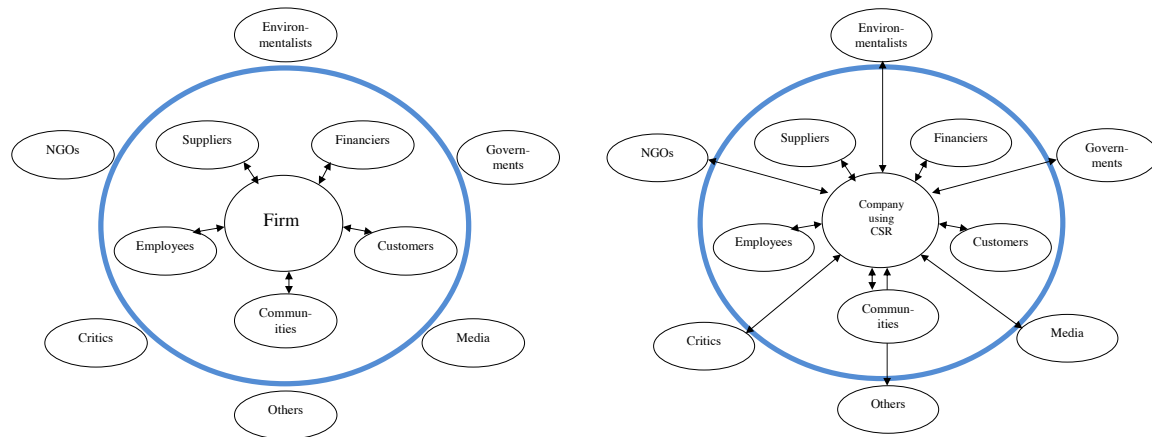
Figure 1: Stakeholder models (Freeman 2003 and Hendeberg/Lindgren 2009)

2.2.5.3 Qualitative categories of stakeholders

To complete the picture of the stakeholders and their influence on the company, it will be fruitful to identify the strengths of the stakeholders, both the primary and secondary. Mitchell et al (1997) has made an in-depth version of the stakeholder theory, presented as a model based on three stakeholder attributes:

1. Stakeholder power
2. Stakeholder legitimacy
3. Stakeholder urgency

The power a stakeholder holds towards a company is defined by its ability to force its will on the company. The legitimacy is given by social systems constituted by morality, reputation, values and norms. At the same time Mitchell emphasizes that legitimacy is not necessarily connected to power, but can also be gained through networks.

How urgent stakeholder's expectations and requirements are defined by to what degree the stakeholder's expectations requires immediate attention. How important the time factor is and how critical the expectation is.

Circle	Number	Category
POWER	1	1. Dormant stakeholder
		2. Discretionary stakeholder
5	4	3. Demanding stakeholder
7		4. Dormant stakeholder
URGENCY	6	LEGITIMACY	5. Dangerous stakeholder
3		2	6. Dependent stakeholder
		7. Definitive stakeholder
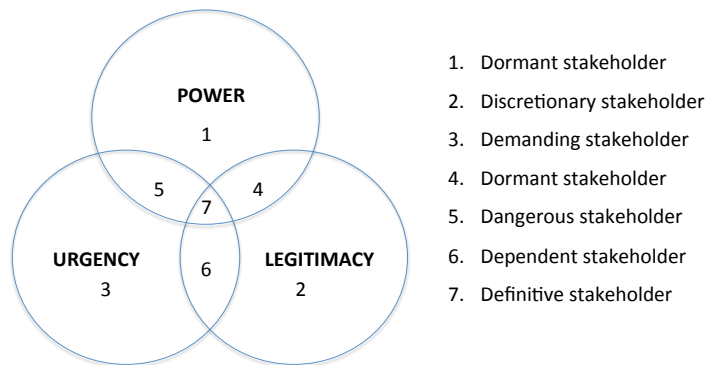
Figure 2: Qualitative stakeholder categories (Mitchell et al, 1997, in Carroll and Butchholtz 2012)

The identification of stakeholders' strengths are also part of the relational game that takes place around a company, and alliances made between various stakeholders may shift the power base of the respective stakeholders. For example, a demanding stakeholder might ally with a dormant stakeholder and pump up its impact considerably.

Precisely because the stakeholder theory includes players who can influence the company *despite* the fact that they are not primary stakeholders within the company's legal, regulated field, corporate social responsibility and ethical practices will become essential in order to reach the company's goals.

2.2.5.4 Differentiating stakeholders

Some of the major objections found in the literature include the variability in the dependence among stakeholders, the variability in salience and the impact of the various stakeholders, the central place within the model, the multiple linkages and the network relationships.

Stakeholders have a series of multilateral contacts and direct influences on other stakeholders of the firm (Phillips, 2003b, p. 127, in Carroll and Butchholtz 2012). However, according to Fassin (2008) the impacts of two major shortcomings of the popular stakeholder framework should be examined and dealt with: the boundaries and the level of the firm's environment,

and the ambivalent position of pressure groups and regulators. He makes an attempt to clarify the categorisations and classifications by introducing new terminology with a distinction between stakeholders, stakewatchers and stakekeepers.

Sometimes, pressure groups have been collectively represented as a separate, fully-fledged stakeholder, in an additional circle, or sometimes even in individual additional circles. In reality, pressure groups vary in nature, size and importance. They represent a number of distinct categories of stakeholders. Their impact is generally channelled through one of the more obvious stakeholders to the firm.

A category closely linked to pressure groups is the regulators. Although these are mostly situated outside the company, they exert a significant influence, often in a direct way through tender processes or regulatory measures. Regulators are often independent, and their impact tends to be seen as a constraint as is the case with a pressure group. Many observers prefer to consider them as non-stakeholders and suggest placing them in a separate group. The regulator par excellence is the state and the law, with its agencies, commissions and other authorities (ibid).

Governments tend to be the major generic stakekeeper. Specific stakekeepers include courts, regulatory agencies, certification organisations, independent evaluation bodies and laboratories. The proposed categorisation thus includes three distinct groups: stakeholders who hold stakes, the stakewatchers who watch over a stake and the stakekeepers who keep the stake.
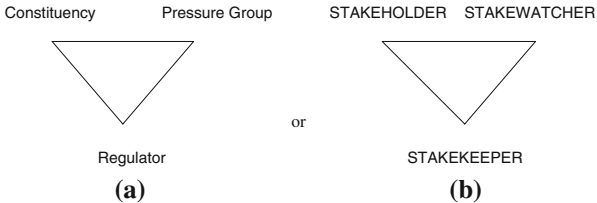
Figure 3: Stakeholder triangulation (Fassin 2008)

By classifying the list of stakeholders accordingly, triangular relationships appear. For almost each major constituency there is a corresponding main pressure group (see figure). For most stakeholders there is a corresponding stakewatcher, and these are labelled associated

stakeholders. Finally, for each group of associated stakeholders there is also at least one corresponding specific stakekeeper, while the generic stakekeepers have impact on many stakeholders.

In addition to the four economic stakeholders, communities and civil society are identified as a separate group of associated stakeholders, predominantly of the stakewatcher type

The media, therefore, – including the press – have been classified as a distinct stakekeeper, and not as a stakewatcher. Fassin does this for three main reasons: their general character that embraces all activities, their independence of the corporation, and their power.
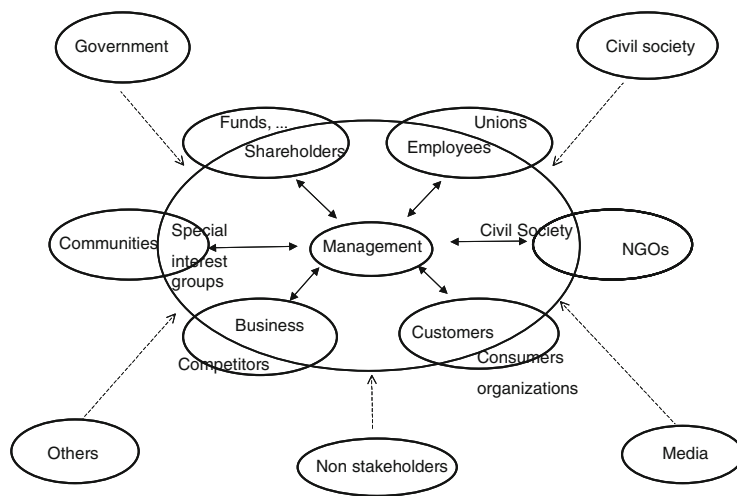
Figure 4: Stakeholder grouping (Fassin 2008)

For the obvious reasons of clarity, the multiple linkages between stakeholders (Phillips, 2003a, p. 127) and the network relations among the various stakeholders, as quite rightly addressed by Rowley (1997), are not represented on the graph (by superposition), but have been tacitly and implicitly accepted (Fassin, 2008).

This 'solar system' scheme corresponds more closely with the view of the corporation as a complex network of constituencies (Clarkson, 1995).

The original constituencies have been accepted as 'real' stakeholders. This process resulted in the following categories of stakeholders: shareholders, employees, customers, business, communities, and the wider world – each with an associated stakewatcher. The government,

civil society, the media, 'others' and non-stakeholders, act as stakekeepers and orbit in the outer ring. The stake model thus integrates virtually all of the classical stakeholders and pressure groups found in the existing models.

In order to be useful, *"stakeholder theory must provide an account of how stakeholders try to act to influence the firm's decision making and, ultimately, the firm's behaviour"* (Frooman, 1999, p. 192). *"Stakeholder theory is about managing potential conflict stemming from divergent interests."* (ibid, p. 193). The relationships with the majority of stakeholders will be seen as a potential for cooperation, whereas the relationships with most stakewatchers will be considered as a potential threat (Freeman, 1984; Savage et al., 1991).

For this thesis, I feel that Fassin's attempt to re-classify the stakeholders into new categories is interesting, and I will try to adopt the terms as operational tools in the empirical study. By identifying relevant company stakeholders, categorising them, and investigate the stakeholder management of the companies, I will be able to gain valuable insight into how the Norwegian companies are working with CSR on a strategic level, and how they are relating to their local environment.

2.2.6 Operationalizing CSR

In meeting with the companies it has been imperative to operationalize the concept of corporate social responsibility into applicable terms. But since I'm also looking for common understandings about the phenomenon of CSR itself, I am still going to have to talk about CSR in its own right. With all the before mentioned obstacles and uncertainties within the field of CSR, this might be a challenge, since CSR is bound to have different meanings to different people. There is in addition a danger that respondents desired to appear as positive as possible when discussing these issues, and that this could create some disturbances in the data.

According to Tuan (1977), one way of identifying CSR would be to quantify and qualify the actual resource transfer between the company and its stakeholders. One might assume that the more resources being transferred, the more social investment will take place.

Another way of identifying the level of CSR understanding within an organisation could be to explore the internal conceptualisation and treatment of CSR. Based on the Waddock and Googins (2006), one could draw up the following mapping of corporate understanding of CSR:

Table 1: Levels of strategic CSR implementation, based on Waddock & Googins (2006), in Ihlen et al (2011).

Elementary	Engaged	Innovative	Integrated	Transforming
• Focus on jobs, profits, and paying taxes with a legal compliance orientation • Since there is no corporate citizenship strategy, leadership tend to be out of touch with issues and relationships tend to be unilateral • When issues arise from the societal domain they tend to react defensively and communicate unilaterally	• Companies begin to introduce philanthropy and some degree of environmental management • Leadership becomes aware of the need for a "social license to operate" • Still reactive rather than proactive • Begin communicating with CSOs and NGOs on a project basis rather than systematically and strategically	• Companies begin to pay real attention to stakeholders • Adopt a more responsive stance to stakeholders with programs based on their interests and needs • Willingness to engage with CSOs and NGOs that have concerns about the business' practices • Willingness to begin being more transparent through public multiple bottom-line reporting	• Companies begin to integrate their business models more holistically with corporate citizenship activities • Responsibility management • Leadership begins to understand that reputation crucial to success and that corporate citizenship is integral part in developing reputation • Incorporate external assurance such as responsibility auditing by outside agencies	• Full disclosure of what is happening within the company including negative information via social reports • "Changing the game" by creating new ventures or markets that have pro-social benefits • Engage with wide range of civil society. Governmental and non-governmental enterprises • Leading on sustainability and business-society relationships

("The Paradoxes in Communicating Corporate Social Responsibility," Sandra Waddock and Bradley K. Googins in "The Handbook of Communication and Corporate Social Responsibiliy" – Øivind Ihnen, Jennifer L. Bartlett and Steve May [eds.], 2011)

This table could also be seen as a model for different forms of attachment and grounding in a given local community or place. The further to the right, the more grounded a company is in the place where they operate, and the more active it is in its relation towards the stakeholders. I will get back to this in the analysis.

2.2.7 Conclusions on Stakeholder theory

In order to investigate whether or not CSR is grounding Norwegian companies to local communities in Indonesia, I need to do the following:

- *Understand how the companies relate to their stakeholders and surroundings, how stakeholders relate to each other, and to what extent the actors in these relations are influencing each other.*

- *Looking at Tuan (1977) and Agnew (2011), I will expect grounding to be related to (social) investments – the resource transfer from company to local community to tell something about how attached a company allows itself to become to its location.*

- *Then, I will have to look into how the companies talk about their locations and their inhabitants. Can I find traces of connectedness (and/or disconnectedness) in the interviews and my empirical findings? How do the various definitions of place and local community apply to the relations I find between the local communities and the Norwegian companies?*

- *Finally, I have to look into the strategic management of CSR within the companies in order to identify the level of ownership, and hereby, level of commitment to and grounding within the places they operate.*

2.3 Theories of power and networks

Stakeholder management and the issue of conflicting or intersecting interests bring us to the obvious: power to make your interests heard and to mobilise human and financial resources to safeguard your interests. The central concept in stakeholder theory and analysis is the nature of the power play between the different stakeholders and the company in their quests to safeguard their sometimes conflicting, sometimes common, interests. The two social psychologists John French and Bertam Raven (1959) provided an early formalization of the concept of social influence in their discussion of the bases of social power. For French and Raven, agents of change included not just individuals and groups, but also norms and roles. They viewed social influence as the outcome of the exertion of social power from one of five bases: reward power, coercive power, legitimate power, expert power, or referent power.

French and Raven's original research was concerned with situations in which a supervisor influences a worker in a work situation. Subsequent scholarship has examined a wide variety of other social interactions, including families, classrooms, doctors and their patients, salespeople and customers, political figures, and dating couples. Work settings also continue to be a prominent topic for studies of social influence (Rashotte, 2011). I will argue that the relationship between companies and their stakeholders share similar negotiations of social

power and influence, looking at companies as social actors in their own right (see also chapter 2.1.2.2 and 3.2).

Reward Power stems from the ability of the agent to offer a positive incentive, if the target complies (a raise in pay, a promotion, special work privileges, donations, community projects etc.). With *Coercive Power*, the agent brings about change by threatening the target with negative, undesirable consequences (demotion, termination, undesirable work assignments, withdrawal from an area, etc.), if the target does not comply. For both *Reward Power* and *Coercive Power*, the influence is clearly *socially dependent*, since the target, while complying, relates that compliance to the actions of the agent.

Legitimate Power stems from social norms requiring that the target of influence comply with the request or order of the influencing agent. Legitimate power can be divided into four: Legitimate *position* power is the most obvious form of legitimate power and stems from a social norm that requires that we obey people who are in a superior position in a formal or informal social structure. This is a widely present form of power in Indonesian business and society at large due to a heavy authoritarian legacy. Legitimate power of *reciprocity* states that if someone does something beneficial for us, then we should feel an obligation to reciprocate (see also Putnam 2000). As we shall see, this is a power both used in corruption practices and within the world of corporate social responsibility. Legitimate power of *equity* can be thought of as righting a wrong, thus following a "compensatory norm", applied by civil society organisations worldwide to legitimate claims towards companies. Legitimate power of *responsibility* is a "social responsibility" norm; we have some obligation to help others who cannot help themselves, or others who are dependent upon us. This form of legitimate power has sometimes been referred to as the "power of the powerless.")

Referent Power and *Expert power* is the power of the charismatic or the expert, possessing either a status or a knowledge that is in demand among agents. All these forms of power and influence apply to companies and stakeholders, interacting within a local community, as we shall see.

Following essentially the same pattern, the target may also have various motives to either accept or reject influence from the agent, some of which may involve personal factors, such as a need for independence, of power toward the influencing agent. Also parallel to the

concerns of the agent, targets may be concerned about how they would look to third parties if they complied or did not comply.

Often an influencing agent does not feel that she has sufficient power to bring about her desired change in the target. To supplement her own power, she may then invoke the power of a third party. This is the kind of alliances that can form both within social fields, but also crosscutting social fields, as I will return to in under the Network theory, and as we shall see in the empirical study of this thesis.

2.3.1 Power as potential

In the (realist) notion of power as potential, power is something that is an inscribed capacity of either individuals or institutions: inscribed in the sense that power is something that is possessed by virtue of the social relationships which constitute a person, a role or an organisation. It is located: it is centred in institutions or other agencies because of the very structure of relations out of which they are produced (Allen 1997). To incorporate Norwegian companies in Indonesia in this notion of power is to underscore the power they possess by virtue of their investment capital and their skilled workforce and their expertise, as well as the web of nation-state and market relationships, which envelops them (Massey 1995).

Power, in this scenario, is thus always potential; it is not only evident or effective when it is exercised or displayed. In this approach, power relationships are generally conceived as zero-sum games, with only fixed amount of power or resources in play. What is virtually absent from such accounts, however, is a clear recognition of the conditionality of outcomes, of the way in which power works with and across differences between places.

One of the theorists pointing to a zero – sum power game is Doreen Massey in her Spatial Division of Labour (1995): She is looking at the global market's hierarchies of power. At the top end of such hierarchies are to be found the powers of strategic investment – the capability to open or close down operations – as well as the ultimate powers of control over production and the labour process. Further down such hierarchies, different degrees of administrative and technical control are evident. Those with limited autonomy in the production process subordinate to the rest. Central to her argument is that such relations also construct economic space in an asymmetrical fashion (Allen, 1997).

As a result, not all places can be "winners"; some must "lose" in the struggle for the types of investment, which raise both the economic profile of a region, and the number of higher-level functions (powers) possessed (Massey, in Allen 1997). Initially, the rationale behind the development of the trade network between Indonesia, Malaysia and Singapore must have been an empirical manifestation of such a phenomenon, where the strategic management was localised in Singapore, the skilled and semiskilled workforce and administrative staff placed in Malaysia, and the factories inhabited by unskilled, cheap labour were to be found in Indonesia.

2.3.2 Power as mobilising of resources – a "networked" conception

On the other hand, power may be conceived as some kind of medium for securing certain ends. Based on this view, power is not so much held over others, as it is a resource for achieving diverse ends (Allen 1997, Giddens, 1979, Amin and Thrift, 1994). This is a conception, which stresses the "power to" rather than the "power over", as seen in both Massey and French and Raven's contributions. Within economic geography, variations on this "power as medium" are broadly to be found in debates over nature of markets, institutions and, in particular, organisations. Its theoretical traces are often indirect rather than direct – the result more often than not of successive "translations" from sources as far apart as Talcot Parsons functionalist accounts and Peter Blau's exchange theory (Allen 1997).

The claim that power is produced or generated by groups or institutions distinguishes this concept from conceptions of power as an inscribed capacity. Power is produced by a process of mobilisation whereby firms or organisations, say, reflect upon their own resources to achieve certain goals and, realising their limitations, attempt to pool their resources with like-minded organisations as a means of securing what is now a common goal (ibid). As we shall see, this is a very common approach among the business community when it comes to social profiling and CSR-planning and implementation, but also among government institutions and other stakeholders on different geographical levels in Indonesia.

Power, in this context, is a fluid medium, and the scenario is less deterministic than zero-sum conceptions of power (ibid). It is also closely related to resources. Resources in this context imply both human resources: capacities and competences, and material resources: including financial resources. According to Anthony Giddens, resources are the medium through which

power is exercised. Power is the ability to mobilise resources and to use them to secure specific outcomes (Giddens 1979:91). Accordingly, resources, when pooled collectively, can actively empower groups and organisations, and do so only as long as such resources are used in concert (Arendt, 1970, in Allen 1997).

Amin and Thrift (1994) show how networks can be built, maintained and extended through the strength of associations between actors. *Negotiations, collaborations, reciprocity and other forms for lateral association* are regarded as central to the ability of actors within a network to act "at a distance" (Amin and Thrift, 1994).

2.3.3 Network theory - towards a refined stakeholder theory

A vocabulary of negotiations, persuasion and inducement leads us directly to networking and network theory. One could easily argue that Corporate Social Responsibility programs and stakeholder management first and foremost are networking activities, responding to stakeholder claims and desires in order to develop a network of loyal stakeholders from the company's point of view.

Stakeholder mobilisation and the building of alliances outside the company also imply network development and management. In order to put pressure upon company decisions, different stakeholders may pool their resources and competencies to gain strength that each and every one of them doesn't possess by themselves.

According to Coe, Dicken and Hess (2008), any approach to describe global production processes that goes beyond the merely superficial must be able to incorporate the complex actions and interactions of a variety of institutions and interest groups—economic, political, social, cultural—which operate at multi-scalar levels and territorialities and through dynamic and asymmetrical power relationships to produce specific geographical outcomes: the material world in which people struggle to make their lives.

2.3.3.1 Social capital

A network can be defined as a concrete pattern of relationships among entities in a social space. This notion is closely linked to the term Social Capital (Bourdieu 1991, Putnam 2000,

Granovetter 1995). This term has no precise definition, but common to most definitions is that they focus on social relationships that have productive benefits.

Two attempts at developing a definition are particularly relevant in my context: Putnam's emphasis on how the social organisation such as networks, norms and social trust facilitate cooperation to achieve mutual benefits (Putnam 1995: 67 and 2000) and Boxman more quantitative *"the number of people who can be expected to provide support, and the resources those people have at their disposal"* (Boxman et al. 1991, p. 52). Trust plays a significant role in many contemporary development theories, because (…) trust typically regulates social relations in which formal regulations, traditions or established social norms are lacking (Klijin and Edelenbos, 2008; Kooiman, 2003; Sørensen and Torfing, 2008, in Grimen 2009). According to Grimen (2009) high levels of trust shape an action space that makes it possible for those who show or give trust to carry out actions that would have been impossible without trust (see also Putnam 2000).

2.3.4 Global Production Networks

I find it intriguing to utilise the concept of Global production Networks (Coe, Dicken and Hess 2008) to describe the challenges faced by Norwegian companies in Indonesia. A global production network is, at its core, the nexus of interconnected functions, operations and transactions through which a specific product or service is produced, distributed and consumed. A global production network is one whose interconnected nodes and links extend spatially across national boundaries and, in so doing, integrates parts of disparate national and subnational territories (ibid). Not all Norwegian companies in Indonesia fit into this notion of Global Production Networks (GPN), but the theory of GPN is useful due to the similar challenges that faces foreign investments and companies in an unfamiliar context.

A heuristic framework for analysing the global economy.
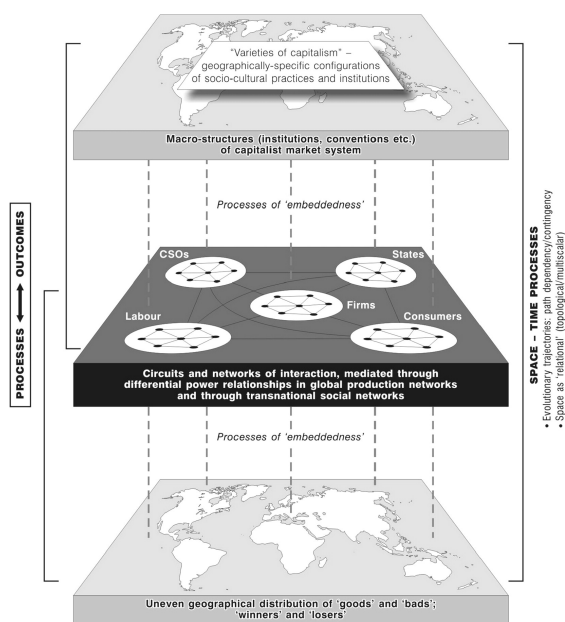
Coe N M et al. J Econ Geogr 2008;8:271-295

Figure 5: Global Production Networks (Coe et al., 2008)

Journal of
Economic Geography

There is a growing consensus around the idea that one of the most useful keys to understanding the complexity of the global economy—especially its geographical complexity—is the concept of the network (Amin 2002). A global production network, with all its parts and functions, is grounded in specific locations. Such grounding is both material (the fixed assets of production), and also less tangible (localized social relationships and distinctive institutions and cultural practices).

In a production network, each stage of a production chain is embedded in wide sets of non-linear/horizontal relationships. Such multi-dimensionality must be incorporated in any analysis of production networks without, at the same time, losing sight of the 'vertically' nature of the processes involved, see figure 1 (Coe et al. 2008).

This is, of course, one simple representation of a highly complex and dynamic situation. In particular, it is difficult to avoid the impression of top-down, nested relationships whereas, in fact, what are involved are dynamically inter-connected and simultaneous processes, heavily laden within asymmetries of power. It is, fundamentally, a deeply relational view of the world (Dicken, 2004, Yeung, 2005, in Coe et al. 2008).

GPNs are, as Levy (2008, ibid) argues, *"simultaneously economic and political phenomena …[they]… resemble contested organizational fields in which actors struggle over the construction of economic relationships, governance structures, institutional rules and norms, and discursive frames".* To Norwegian companies, Indonesia is such a contested space.

Adopting an explicitly networked approach brings several specific advantages. First, it allows us to identify a wide range of non-firm actors as constituent parts of the overall production system. Second, it helps us to see beyond the linear progression of the product or service in question to reveal the complex circulations of capital, knowledge and people that underlie the production of all goods and services, and the various actors of different kinds that are involved in those circulatory processes. Third, a multi-dimensional network perspective brings into view the connections and synergies between processes of value creation in different production networks (Weller, 2008, ibid). In this way, Coe et al. present a very complex operational environment that faces Norwegian companies when entering the Indonesian market.

Firms are networks embedded within networks (like assemblages within assemblages (De Landa 2006), with varying degrees of imbrication and interconnection. At their core, however, is a set of formally organized rules and conventions that are institutionalized and regulated both internally and externally, as we have seen in the distinction between primary and secondary stakeholders.

The relationships between firms and territories are exceedingly complex (Dicken and Malmberg, 2001, in Bathelt and Glückler 2011, p. 6). A unit's level of competence determines the strength of its influence within its network. The competencies of a corporate unit are created over extended periods as a firm interacts with its surrounding environment' (Dicken and Malmberg, 2001, ibid). As I have stated earlier, a broader stakeholder analysis is de facto a mapping of such complex relations between companies and territories.

2.3.5 Conclusions on Power and Network theories

- *Power struggles over conflicting interests are at the centre of interactions between social agents in a place, according to Amin and Thrift (1994). Adopting and understanding theories of power and identifying different forms of power will enable me to understand the power play between the companies and its stakeholders in Indonesia, and identify influential actors and the different forms of attachment and detachment forces and strategies applied by all parties. Which stakeholders are regarded as essential to the companies' operational goals, how do they exert their powers, and how do the companies treat them?*

- *Networking is at the core of company-stakeholder relationships, and thus an adoption of network theories will help my understanding of how Norwegian companies adapt to their new environment and relate to and respond to the different kinds of influences that are imposed on them by their stakeholders.*

3.0 Methodology

I have been very fortunate to be situated within my own field of research throughout the whole making of this thesis. My family and I have been posted in Jakarta, Indonesia due to my wife's position at the Norwegian embassy. As a consequence, I have had plenty of opportunities to conduct networking, interviews and follow-ups with my sponsors during a considerable period of time. Especially looking at Cato Wadel's words on methodology, this has been a huge benefit: *A fieldwork can be considered a mediation ("runddans") between theory, method and data* (Wadel 1991, my translation), where new information makes the researcher adopt new theories, concepts or methods, which in turn produce new information. This needs considerable amounts of time in order to work properly, and I have been fortunate to have that.

As a spouse at the embassy, I have also had the pleasure of being a member of the Indonesia – Norway Business Council (INBC), the loose networking organisation that gathers a large part of the Norwegian enterprises present in Indonesia at any given point in time. This has given me access to all the meetings and seminars orchestrated by the INBC and its members. The activities of the INBC have been a fruitful networking arena for my work, and several of my most valuable informants have been recruited there.

However, not all Norwegian companies are members of the INBC, and there is also a huge difference in the level of participation at the INBC events, thus I have been forced to do a lot of information gathering and networking on my own, outside the business council. My former experience as a consultant and Chief Executive Officer (CEO) of a private company has proven very useful in these efforts. I have been able to engage in more straight forward recruiting and "salesman" efforts towards informants, and I have found that my knowledge and recognition of how managers are operating, and what challenges and issues they deal with in their everyday professional lives, have given me valuable talking points in more improvised meetings and initial contacts. This has also proven to be a qualifying competence in the meetings, considering that many of the managers have shown some reluctance towards academics, especially within a "soft topic" such as corporate social responsibility. More or less, I have managed to create a "common understanding" and a feeling of mutual trust that has given me valuable insights in their reflections around CSR (see also chapter 3.4.2 Qualitative interviews).

Previously, I have also worked as a CSR consultant for many internationally oriented Norwegian companies, and have gained insights on how business leaders tend to meet the social challenges facing their company. I have experienced a wide variety of reactions, attitudes and behaviours, from acceptance and constructive approaches to hesitation and sheer denial. I believe such experiences have given me an ability to recognise and analyse comments and assertions, and to recognise to what extent a manager really knows and appreciates his or her company's CSR strategy or not.

Last, but not least, I have also spent many years as an activist and campaigner towards transnational companies and their activities overseas. As a campaign manager in Norwegian Church Aid, I have played the role as the antagonist and the challenging NGO that holds companies accountable for their actions and (mis) conducts in far away markets. I have hereby collected some experience in how Civil Society Organisations both strategise and effectuate campaign efforts towards private sector's social issues. That has given me valuable insights in how company efforts within the field of CSR will be met by the more radical and "unfriendly" civil society, what kind of real impact the social initiatives from the companies will have, and how it will be received, both among local communities and other stakeholders surrounding the company.

Gadamer (Fjelland 1999) describes how our background shines through what he calls our preconceptions. It has been important to me to lay off many of my prejudices and attitudes in this research, since the topic first and foremost is about how companies can benefit from CSR programs, not how local communities or other stakeholders might benefit from it. I have to say, though, that my social conscience has been the driving force behind this work, and I have enjoyed every minute of it, considering how important such documentation of corporate effects might have on the affected stakeholders.

3.0.1 Double Hermeneutics

Social science requires a particular attention to the data the researcher collects or produces. There will always be a problem that the study objects the researcher is trying to identify and categorize, already are dealing with their own categorization of the world and people around them. This means that the researcher must interpret an already interpreted world. As I have

pointed out, my former experiences have given me the prerogative of recognising many of the interpretations that I encounter among the business managers.

The difference between the study of human action and events in nature is that the former can and should be understood by grasping the subjective consciousness as the basis for the action, while the latter can only be explained from the outside. In the contrast between understanding and explaining, the emphasis should be on empathy and imaginative reconstruction of the other's experience, which is required of someone who wants to study social life and history (Giddens 1993).

Anthony Giddens called this a double reflexivity, or double hermeneutics (Gilje and Grimen, 1993). Previously hermeneutical works were related to the requirement that the researcher must work from a principled ignorance of the social space she is studying (Hastrup 1991, in Aase et al 1997). This requirement can be read as an expression of the researcher's subjective, prior understanding representing a source of error to his or her research. This perspective, however, lacks an essential element, namely a clarification of the non-abolishable context characterizing the researcher.

Everyone who understands that self reflexivity (...) is an integral part of human action, must accept that it also applies to one's own (..) research (Giddens, in Gilje and Grimen 1993). Understanding always involves a principle of translation on the basis of the prior understanding that the researcher has. Thereby this understanding becomes a prerequisite for knowledge, not a barrier (Paulgaard in Aase et al 1997). This has proven to be true with regards to my fieldwork, and I have difficulties grasping the consequences of a situation where I had not had the base of knowledge that I have collected throughout my working life. There are, however, several pitfalls to be aware of.

My idealistic, personal affiliations could potentially imply that I will try to analyse my empirical findings in a more positive direction than if I had a clear-cut company profit outlook and motivation. Considering that a positive correlation between CSR and company profits would give my affiliations a stronger argument for increased CSR efforts and thereby lead to more local development among the poor and marginalised, I have to be very careful when scrutinising my own findings in order not to end up biased.

On the other side of the scale, my private company CSR consultant experience could easily make me ignore the fact that not all CSR activities have positive impact either on stakeholder relations or on local development. I could also tend to look more positively towards poor CSR strategising, and seeing true CSR efforts where there is in fact none. This is the kind of acknowledgements I need to keep in mind when I assert my analysis in the following.

3.1 Research ambitions and goals

In order to investigate if *the CSR can work as a catalyst for grounding foreign companies to local communities in an ever-globalising world*, *and if the CSR law of Indonesia is part of a "re-territorialisation" tendency,* I need to look into the background of the CSR law in Indonesia and how different actors in Indonesian society implement this. Second, I need to explore the CSR activities conducted by the Norwegian companies, and try to unveil the motivation behind these activities. I also need to investigate how the Norwegian companies relate to the Indonesian context and the stakeholders that surround the companies in Indonesia, and if the CSR activities have some kind of impact on these relationships.

With this entry point, I had to make some choices when it comes to methodology; how can I produce the most relevant data to illuminate my research questions, and how can I get access to these data? It was important to me to chose a methodology that both I as a researcher and the objects of my research would feel comfortable with.

3.2 Research methods

Qualitative research is a situated activity that locates the observer in the world. Qualitative research consists of a set of interpretive, material practices that make the world visible. They turn the world into a series of representations, including field notes, interviews, conversations, photographs, recordings, and memos to the self. At this level, qualitative research involves an interpretive, naturalistic approach to the world (Denzin and Lincoln, 2005). This means that qualitative researchers study things in their natural settings, attempting to make sense of or interpret phenomena in terms of the meanings people bring to them.

The *"choice of research practices depends upon the questions that are asked, and the questions depend on their context"* (Nelson et al., 1992, p. 2, ibid), what is available in the context, and what the researcher can do in that setting. I have found it appropriate and

relevant to exploit mainly qualitative research methods and interviews as important tools in the face of the empirical data. Both because the topic of (companies') grounding and attachment to a given place could be said to be a qualitative phenomenon, but also given the time frame of this study (nearly 15 months in the field), and the magnitude of the research universe (only 9 companies), it appears to me to be relevant to apply more in-depth methods.

At the same time, the thematic focus of this thesis, Corporate Social Responsibility (CSR) is also a contested field of research, involving a multitude of interpretations and meanings to different actors and agitators, as we have seen in the theoretical framework (Garriga and Melé 2004). As a qualitative researcher, I seek to deploy several interconnected interpretive practices, hoping always to get a better understanding of the subject matter at hand (Denzin and Lincoln, 2005). It is understood, however, that each practice makes the world visible in a different way. Hence I seek to explore more than one interpretive practice in this study.

But, as Wadel (1991) points out, studies of social relationships can bring the qualitatively oriented research into the analytical challenges arising when comparing individuals. A problem arises from a basic assumption that social relations forming systems based on "rules" and "games". This means that social relationships people belong to, cannot be considered independently (Wadel 1991; 77-78). When we as researchers observe, we look for patterns, or rules for how informants acting in relation to each other, and we try to interpret observations in relation to behavior. We try to understand the purpose of the behavior, and what is required to participate in a game. This interpretation process converts the observations we make of the data. Thus, data is a result of our interpretations.

The term qualitative refers to qualities, i.e. the properties or characteristics of the phenomena (Repstad 1993; 10). However, the use of qualitative methods might also provide the researcher with insight into the interpersonal environment, experiences and social processes that are present also within a "company – society" relationship. To both the local stakeholders and to the company itself, the company might be said to represent something akin to a singular agent (De Landa 2006) – a corporate citizen. A company's conduct is primarily decided and orchestrated by, but not exclusively limited by, the executive management. Thus I take for granted that the management represents the company, and therefore constitute my primary research subjects (See also chapter 2.1.2.2).

According to De Landa, assemblages (like companies) are unique and singular individuals. This notion of 'individual' needs some quick clarification; as a realist DeLanda argues that the word 'individual' can be applied to anything; communities, organizations, atoms, folded pieces of paper, species, ecosystems etc. As he put it, every assemblage is an individual singularity with its own contingent history of emergence and conditions of pertinence. One of the major contributions of De Landa's assemblage theory is that it can serve as a framework for connecting micro- and macro-levels of social reality. Interacting persons yield institutional organizations; interacting organizations yield cities; interacting cities organize the space in which nation states emerge and so on. In assemblage theory wholes can serve as component parts in larger assemblages. The possibility of linking the micro- and macro-levels of social reality in this way is the result of recognizing that social processes occur on more than the two levels of micro- and macro-. By introducing intermediary levels of scale, assemblage theory can build up from the smallest entity (like individual persons) to increasingly larger assemblages (De Landa 2006).

Wadel (1991) describes qualitatively oriented research as the study of interaction. Studies of interaction are to a great extent to clarify the relational using and developing relational concepts. He argues that in qualitative research it is not the individual who is analytical subject, but the social relationships that individuals are included in. I find the concepts of grounding, attachment and detachment highly relational, and relevant both within a qualitative *and* geographical tradition. In addition to the company managers, I have interviewed other relevant stakeholders around the companies in order to try to understand the interaction between the companies and the stakeholders.

All researchers are believers. The choice of research methods combine beliefs about ontology (What kind of being is the human being? What is the nature of reality?), epistemology (What is the relationship between the inquirer and the known?), and methodology (How do we know the world or gain knowledge of it?) (Denzin and Lincoln, 2005). Within the socio-geographical science tradition today the qualitative research approach is the most widely used, mainly due to the fact that human geographers study places, people, discourses and environment, therefore qualitatively oriented methods are particularly suitable for social geographical research (Winchester 2000, ibid). I believe my choice of methodology has been fortunate and relevant, but I cannot rule out the possibility that other methods would have been just as feasible, and given better answers to my research questions.

3.3 Research Universe

The primary subjects of study in this thesis are Norwegian companies in Indonesia. It follows thereby to try to get as thorough a mapping and analysis as possible of a representative and relevant number of Norwegian companies present at the time of the field study. The secondary sources of information are the company stakeholders and government regulations and regulatory bodies responsible for implementing the CSR law. I have found these informants to be tougher to get hold of as a researcher, and I have been left to focus mainly on written documents like operational procedures decided by regulatory bodies, tender competition papers, jurisdictional texts and elaborations, and second opinions from different stakeholders.

3.3.1 Norwegian companies in Indonesia

There are around 20 Norwegian companies of some size operating in Indonesia today. The exact numbers are not easy to verify, but I have chosen to use the membership lists of the Indonesia Norway Business Council (INBC) as a guide to the Norwegian business presence in the country. I have come across companies that are not members of INBC, but these have been excluded from this research due to either size (too small) or duplication (similar companies present in the data material already).

The following 9 companies have been included in my research universe based on the following criteria:

1. *Representation*: the companies chosen should be of different size, scope and type of work in order to represent the totality of the Norwegian business community.
2. *Size*: the company chosen should be big enough to either a) employ local workforce or b) engage in some kind of relationship with its local environment and communities.
3. *Differentiation*: I have been looking for companies that can present the issue of CSR from different angles, that is, both companies with a long history in Indonesia, and newly established ones, combined with the ones that are in the process of entering the Indonesian market today. In addition, I have wanted to explore the CSR issue within different sectors. Therefore, I have tried to include as broad a sample as possible.

The last criterion has proven hard to live up to. The Norwegian business presence in Indonesia is not very diversified, with a large majority of companies related to the oil and gas sector, either as suppliers or as operators. Therefore, a large proportion of the companies interviewed in the following material, constitutes oil and gas related business.

3.3.1.1 Company A: Large supplier to oil and gas industry

Company A is a transnational company with aggregated annual revenues of approximately NOK 35 billion and employs approximately 18 500 people in about 30 countries (Annual report 2012). The mother company is headquartered in Norway. The company is located in Jakarta, but has its production facility on Batam Island, Indonesia. The production plant employs approximately 270 people. The Batam plant has obtained international recognition as a leading designer and manufacturer of quality equipment serving the Oil & Gas Industry in Asia Pacific Region. The plant was constructed in 1992 and is currently being increased to approximately 80,000 sq ft to accommodate the increasing activity of the company.

3.3.1.2 Company B: Large oil and gas operator

Company B is a Norwegian international energy company with operations in 36 countries, building on more than 35 years of experience from oil and gas production on the Norwegian continental shelf. The company is headquartered in Norway with 20,000 employees worldwide, and is listed on the New York and Oslo stock exchanges, with a global net operating income of NOK 137,2 billion (2010).

Company B entered Indonesia in the deep water Makassar Strait area in 2006 and as an operator in 2007. It is still primarily in exploration phase, and employs ten expats and 15 local staff in Jakarta.

3.3.1.3 Company C: Large industrial manufacturer

Company C is part of a group that make up the world's leading manufacturers of paints, coatings and powder coatings. The group has 70 companies and 38 production facilities on all continents. Including the total network of legal companies, agents, branch offices and distributors Company C is represented in more than 80 countries. Company C's operations cover development, production, marketing and sales of various paint systems and products to

protect and decorate surfaces in the residential, shipping and industrial markets. In 2010 the group had a total sales income of NOK 13,4 billion, and has today 7 800 employees.

Company C has been manufacturing in Indonesia from 1991. Today, it has approximately 40 % of the Indonesian market on protective coating. They have 6 branches and sales offices throughout the archipelago, and approximately 650 employees.

3.3.1.4 Company D: Small entrepreneurial, technological company

Company D is a leading edge technology corporation that embeds advanced simulator technology with learning solutions. The company employs highly educated and experienced senior professionals; all dedicated to development of advanced and efficient simulation and training solutions. The company is located in Bandung, West Java. Its markets are primarily outside Indonesia, i.e. defence industries in the Middle East, Europe and Asia, and they are currently moving into the oil and gas sector. In Bandung, the company employs approximately 10 local computer engineers.

3.3.1.5 Company E: Large technology company

Company E is a leading global supplier of solutions and products for Road User Charging and Traffic Surveillance having applications mainly within electronic toll collection for road financing, congestion charging, truck tolling, law enforcement and parking/access control.

The company was established as an entrepreneurial company in 1984. It had its first international breakthrough in 1995, installing the company's traffic surveillance system and establishing its first subsidiary in Portugal. Over the course of the next four years the company moved into new European markets and worldwide into Malaysia, China, Australia and Brazil. The company is currently in a process of entering the Indonesian market, and is currently setting up a country office in Indonesia.

3.3.1.6 Company F: Shipping Company, supplier to oil and gas sector

The company is a provider of maritime Liquefied Natural Gas (LNG) transportation and regasification services. Its shares are publicly listed on the Oslo Stock Exchange. According

to the Annual Report of 2010, Company F is a limited company domiciled and incorporated under the laws of the Islands of Bermuda on 6 November 2006.

Company F is a family owned company, and has been operating in Indonesia for 25 years.

3.3.1.7 Company G: Supplier to oil and gas industry

The company offers a broad range of products including seismic and electromagnetic services, data acquisition, processing, reservoir analysis/interpretation and multi-client library data. The company is part of a transnational group with presence in over 25 countries with regional centres in London, Houston and Singapore. Their headquarters are in Oslo, Norway and the company share is listed on the Oslo stock exchange.

3.3.1.8 Company H: Shipping and Ship Management Company

Company H's mother company today have around 120 vessels, mainly tankers, under full technical management. The mother company has been doing business in Indonesia for almost 50 years, but only recently opened an office in the country, after the Indonesian government recently approved a law promoting internal seaborne trade. Company H boosted its presence in the burgeoning Indonesian third party management market on the back of a change in the country's cabotage laws which require Indonesian flag vessels trading in Indonesian waters to have nationals serving as officers and crew.

3.3.1.9 Company I: Large certification and classification agency

Company I's history is rooted in the maritime sector, classifying vessels all around the globe the last decades, it has added new dimensions to its business: Energy, Internationalisation, Certification and lately Sustainability. The company globally has operating revenues of NOK 9,7 billion, and operating profits of NOK 810 million.

Company I has been present in Indonesia since 1993. They started up small scale with two employees in relation to two new ships building projects (Chemical tankers). The company has one office in Jakarta, and one in Batam, concerned primarily with shipbuilding by Norwegian clients.

3.3.2 Stakeholders

I have wanted to triangulate some of the information gained from the companies by listening to some key national stakeholders within the field for CSR and ethical business conduct in Indonesia. To find these have proven quite a challenge, since for the most part, they operate with websites purely in Indonesian, and the companies are only to a very limited degree interacting with these stakeholders (see empirical findings). However, through networking and a considerable amount of time and plain luck, I have managed to get in touch with some vital stakeholders and NGOs that I consider to have a voice in the matter.

3.3.2.1 Publish What You Pay

Publish What You Pay (PWYP) is a global network of civil society organisations that are united in their call for oil, gas and mining revenues to form the basis for development and improve the lives of citizens in resource-rich countries. Its global network is diverse, with over 650 member organisations across the world. PWYP members include human rights, development, and environmental and faith-based organisations. In more than 30 countries, network members have joined forces by creating civil society coalitions for collective action. The priorities of these coalitions reflect the unique national context and the nature of the extractives sector in the country.

Many actors provide funding for PWYP international. CAFOD, CARE International UK, Christian Aid, Global Witness, NIZA, Oxfam Novib, Open Society Institute, Oxfam GB, Pax Christi NL, Revenue Watch Institute, Save the Children UK and Secours Catholique. The Open Society Foundation in London hosts PWYP international.

PWYP Indonesia has 40 member organisations, and employs one coordinator in Indonesia.

3.3.2.2 Extractive Industries Transparency Initiative

The Extractive Industries Transparency Initiative (EITI) is a coalition of governments, companies, civil society groups, investors and international organisations. This is reflected not only in the EITI processes in the countries implementing the EITI, but also on the international level: the EITI Board consists of members from governments, companies and civil society, and is appointed at the bi-annual EITI Global Conference. The EITI supports

improved governance in resource-rich countries through the verification and full publication of company payments and government revenues from oil, gas and mining.

Indonesia announced its intent of implementing the EITI in 2009. The EITI Board designated Indonesia as an EITI Candidate country on 19 October 2010. In accordance with the transitional procedures agreed by the Board, Indonesia must complete EITI Validation by 18 April 2013. The first EITI Report is scheduled for publication in mid-late 2012.

3.3.2.3 International Labour Organisation

The International Labour Organisation (ILO) is the international organization responsible for drawing up and overseeing international labour standards. It is the only 'tripartite' United Nations agency that brings together representatives of governments, employers and workers to jointly shape policies and programmes promoting Decent Work for all. This tripartite structure makes the ILO a unique forum in which the governments and the social partners of the economy of its 183 Member States can freely and openly debate and elaborate labour standards and policies.

The ILO Country Office for Indonesia is responsible for the ILO's programmes and activities in Indonesia and Timor-Leste. Labour and employment issues are at the top of the development agenda in both countries, calling for substantive ILO support.

3.3.2.4 International Center for Ethics

International Center for Ethics (ICE), a new centre that promotes research, education and public discourse about ethics in business, environment, government and public life in Indonesia. ICE is an independent, non-profit and non-partisan organisation.

ICE examines current and emerging ethical issues and promoting ethical behaviour in the public and private sectors. The centre is a response to enormous social interest in ethical issues especially in the realms of government and business ethics. The Centre increases public and corporate awareness of corruption and its costs, and supports the adoption of ethical business and government. Through its practical training and operational research activities, the centre fosters the development of partnerships between public and private sector institutions and individuals.

3.3.2.5 Business Watch Indonesia

The Business Watch Indonesia is a NGO based in Solo, Central Java and established in September 2002. Driven by the understanding that the societal power has shifted from the state apparatus authority to the economic groups and business communities in local and global level, The BWI is established and aimed at mainly cultivating possibilities of steps to democratise the exercise of economic power and governance. The BWI focuses on creating and promoting efforts towards democratic economic governance.

3.3.2.6 BP Migas

Oil and gas are strategic irreplaceable natural resources which contained in Indonesian Mining Law Area are national wealth controlled by the state. The Government as a Mining Authority holder holds the state control. Furthermore, the government forms the Executive Body to manage the Upstream Activity in the oil and gas field; Government Executive Agency for Upstream Oil and Gas Business Activities (BP MIGAS). BP Migas seized to exist after a ruling by the Constitutional Court in autumn 2012. Its activities were temporarily placed in a task force directly under the President.

3.3.2.7 Apindo

The Indonesian Employers' organisation, organising most of private sector companies in Indonesia, and which has cooperating agreements with several multinational companies and major foreign business councils in Indonesia.

3.3.3 Overview interviews

Table 2: Interviews

Company / organisation	Interviewee	Dates of interviews
Company A	Country Director/CEO	20.12.11
Company B	Country Director/CEO, CSR Consultant	01.11.11, 11-15.12.11, 08.11.12
Company C	Country Director /CEO	25.01.12, 13.04.12
Company D	Country Director/CEO	02.11.11
Company E	Country Director/CEO	08.11.11
Company F	Country Director/CEO	05.01.12
Company G	Country Director/CEO	15.12.12
Company H	Country Director/CEO	18.11.11
Company I	Country Director/CEO	14.10.11
PWYP Indonesia	Coordinator	16.02.12
EITI Indonesia	Board Member*	28.10.11, 15.02.12
BWI	CSR advisor / researcher	13.02.12
APINDO	Country Director/CEO	23.10.12
BP Migas	Former advisor*	28.10.11, 15.02.12
ICE Indonesia	Country Director/CEO	23.02.12
ILO Indonesia	Country representative	15.11.11

* Same person, two different roles

In order to get some oversight of other relevant issues, I have interviewed some people with relevant competence within different parts of the focus of this thesis.

- Lawyer J at Norwegian Centre for Human Rights, educating judges, military staff and police in Human Rights, 20.10.11.
- Private Consultant K, Norwegian with more than 30 years of experience in doing business in Indonesia, 18.10.11
- Solicitor L, specialised in Intellectual Property Rights, serves companies from all over the world in Indonesia, 24.11.11
- CEO at Danish Company M, shipping and logistics, 26.10.11
- Retired politician N, former vice campaign manager for President Yodojono and parliamentarian and representative for Apindo, 17.10.12

3.4 Data collection

Instead of just answering the question "What do I see them do", the qualitatively oriented researcher tries to approach the answer to the question "What do they see them selves doing" (Repstad 1993:13). Answers to such questions I can primarily get only by applying qualitatively oriented methods (participatory) observation, conversation and interview. The use of multiple methods, or triangulation, reflects an attempt to secure an in-depth understanding of the phenomenon in question. Objective reality can never be captured. We know a thing only through its representations. Triangulation is not a tool or a strategy of validation but an alternative to validation (Flick, 2002). The combination of multiple methodological practices, empirical materials, perspectives, and observers in a single study is best understood, then, as a strategy that adds rigor, breadth, complexity, richness, and depth to any inquiry (ibid). I have selected five main methods of data collection in this thesis: simple survey, qualitative interviews, case study, participatory observations and document analysis. Each method will be presented in the following.

3.4.1 Survey

I carried out a simple survey that I distributed to the companies. Data from this survey supplements the data I collect through field interviews, and gives some illustrations of common features and differences between the companies, hopefully providing a better basis to draw conclusions from.

A proportion of the survey among Norwegian companies consists of a structured questionnaire with fixed answers. The survey has been a mix of questions with closed tabs and open answers. The primary aim with this has been to illustrate the findings with visual statistics, without statistically analysing it in other ways than as a supplement to the field interviews (see Attachment II).

3.4.2 Qualitative interviews

Based on the survey, I developed a qualitative interview. Methodical the qualitative interview is semi-structured; it comes with a question guide that is focused on specific topics more than exact questions (see Attachment I). The interview can be recorded on tape or printed directly.

This constitutes the material in the qualitative interpretation of meaning (Kvale 1983). It is common that the researcher uses a question guide during a qualitative interview. Such a question guide is far less rigid than a questionnaire, based on the researcher's pre-understanding of what conditions is important to clarify (ibid.). The use of a question guide helps structuring the conversation between researcher and respondent, but preferably it should only serve as a help and notes for the researcher in a freer conversation.

According to Kvale (ibid.) the qualitative interview has certain traits or forms of understanding, as he calls it. First, the interview is focused on the respondent's life world, and aims to understand the meaning of phenomena in this life world. It is qualitative, descriptive, specific and unconditional, while it is focused on specific topics. The qualitative aspect also requires that it is open to ambiguity and change. It is on the other hand depending on the sensitivity of the interviewer's part, since it takes place in a human interaction, and must follow the rules related to interaction. I had to change my questions many times, and adapt to the often-changing directions of the conversation.

Qualitatively oriented researchers will try to add their verbal communication as close to the friendly conversation as possible (Wadel 1991). Spradley (1979, ibid) has pointed out that the friendly conversation at least contains ten components, among other things, to greet and introduce, the lack of explicit intent, the asking of questions and avoiding of repetition.

Wadel's field conversation differs from the friendly conversation in that the switching between themes is less balanced and repetition replaces the usual rule of avoiding this. To show interest and ignorance occurs more often and the field worker and researcher will encourage the repetition of much of what is being talked about. The lack of explicit intent is replaced with a more or less explicit purpose (ibid).

Another issue is the role I want to play in meeting the respondents, and what image I make of them. According to Caplan (1993), this is a very important factor in the calculations of the fieldwork.

"There are, it seems to me, a number of factors which determine the kinds of data we collect, and our interpretations of them. One of the most important of these is our positionality – who are we to them? Who are they to us" (ibid).

The role that seems to provide the best access for most fieldwork is the role of the apprentice, "the role of the interested person who wants to learn" (Berreman 1968 in Wadel 1991). There is a widespread if not universal human trait to want to elaborate around one's own way of life when one is confronted with an unfamiliar person who shows great interest in knowing more (Wadel 1991). By being granted and assume a role of an apprentice, a field worker often sharpen their interviewees as informants.

Cultural knowledge that is taken for granted by the informants, can be put into words and / or image on the basis of the researcher's naive and "stupid" questions. But it is essential that one's informants agree that it is legitimate to be ignorant (ibid). Here the role of "student" and inexperienced in business ventures abroad will help me to assume a role as an outsider, but interested.

At the same time, as mentioned earlier (see chapter 3.0), I felt the need of connecting to my informant's life world in more profound way than just being the outsider and ask "stupid" questions and taking the role of the apprentice. In order for them to open up and reveal their true attitudes and thoughts on CSR and doing business in Indonesia, I had to present myself as someone who knew their working environment in a more emphatic way. This served me well in all the interviews conducted throughout my fieldwork, and I believe that this also made the level of "green speak" and cover-up of lack of focus on CSR, less than otherwise would have been the case. To talk to "someone of their own" made my informants speak more freely and "from the heart".

I have conducted field interviews with nine Norwegian companies and some of their primary and secondary stakeholders. I have also been in touch with the authorities setting the conditions for Norwegian and other foreign ventures in Indonesia.

3.4.3 Case study and observations

One of the companies, Company B, I have followed much closer than the others. The rigour of this approach has resembled a *case study* of the stakeholder management and CSR practices in order to shed some light on how this can be done, and what motivation that drives a company to do excessive stakeholder analysis and management. In addition, I have followed

two more companies closer than the rest due to their special relevance for the topic of this thesis (Company A and C). Since my work in this relation resembles a case study, I will briefly present this form of research in the following.

In explaining what a case is, Yin (1994) suggests that the term refers to an event, an entity, an individual or even a unit of analysis. It is an empirical inquiry that investigates a contemporary phenomenon within its real life context using multiple sources of evidence. Fossåskaret and Aase (2007) see case studies as being concerned with how and why things happen, allowing the investigation of contextual realities. Case study is not intended as a study of an entire organization. Rather it is intended to focus on a particular issue, feature or unit of analysis.

Case studies have been criticised by some as lack of scientific rigour and reliability and that they do not address the issues of generalizability. However, there are some strengths of case study. For example, it enables the researcher to gain a holistic view of a certain phenomenon, as I found necessary due to the difficulties I met gathering proper information about particularly the resource transfer from company to local communities (see chapter 5.2.7). Another advantage is that case study can be useful in capturing the emergent and immanent properties of life in organizations and the ebb and flow of organizational activity. Case studies also allow generalizations as that result of findings using multiple cases can lead to some form of replication.

According to Yin there are three types of case study research: exploratory, descriptive, and explanatory. Researchers in business related subjects sometimes limit case studies to the exploratory use. For example, pilot case study can be used as a basis for formulating questions or hypothesis testing. Descriptive case study is an attempt to describe, like what happen to a product when it is launched. Explanatory research can be useful for example to study processes in companies. My case study has primarily been characterised by an exploratory form, seeking to understand corporate behaviour related to company stakeholders, but at the same time, I feel that the three different varieties somehow overlap in the sense that I both seek to explore, describe and explain corporate practices.

In practical terms, the case study has been carried out through several interviews, field trip (five days) to an operational area, social gatherings, both formal and informal, meetings and document scrutiny.

3.4.3.1 Observation through interaction

Most scientists, including many who view people in social context, approach their research as detached observers. As social scientists, they observe the human subjects of their study, categorize what they see, and generate theory to account for their findings. They work from the out- side, creating a system of knowledge to account for other people's behaviour (Spradley 2009).

Observation is a method applied mostly within the field of ethnography and anthropology. Ethnographers seek out the insider's viewpoint. Because culture is the knowledge people use to generate behaviour and interpret experience, the ethnographer seeks to understand group members' behaviour from the inside, or cultural, perspective. Instead of looking for a subject to observe, ethnographers look for an informant to teach them the culture (ibid). I have also been fortunate to engage both in a wide range of formal but also more informal settings with employees and managers from company B and other companies within my sample. The observations have been coincidental to a large extent, but I have always kept notes of these activities, and thus I am able to label them formalised observations. These have been very valuable opportunities for me as a researcher to triangulate and evaluate the empirical data collected from the company in the initial phases.

3.4.4 Document analysis

Besides the qualitative interviews I have conducted some level of document analysis to elucidate the issues at hand. Handbooks about doing business in Indonesia from different stakeholders, strategies, reports, evaluations, public relations documents and newspaper articles and editorials have been scrutinized and analysed.

Distinctions are drawn up between *personal* and *institutional,* and between *confidential* and *public* sources. Which source is intended for use, will affect how the authors formulate it. During my research, I have encountered both varieties. A public, institutional source will be reformulated and characterized by an "institutional" jargon, but a personal, confidential

source in a completely different way to talk "straight from the liver." One last but important nuance when it comes to sources is the relationship that the writer has to the content he or she is writing about. Holme and Solvang (1997) distinguish here between the *first* - and *second-hand sources.* Documents have different validity depending on who wrote them and for what purpose they are written. Public documents attached like more validity than newspapers, but it is important to remember that both the post in an on-going discourse, so the wording may be excessive. Research reports and various types of statistics are considered to have high validity.

3.5 Reliability and validity

While reliability refers to the data's trustworthiness and the way of collecting the data, the data's validity refers to what extent the empirical data actually answers the questions that is being addressed. Although reliability and validity is associated with quantitative methods, it is legitimate to discuss such issues in relation to qualitative methods. Reliability and validity of the question can then be viewed as a form of qualification of the research process. The researcher ensures that the information is collected in a reliable manner, and that the information is authentic in relation to the issue or the theoretical concepts to be explored.

When a researcher conducts interviews, it is difficult to avoid asking leading questions to informants. In some cases, I actually had to lead the way in order to unveil the character of the stakeholder management carried out by the companies. The researcher must be aware of how issues can be interpreted by the informants. In structured interviews the interviewer wants to learn about the informant's opinions and understanding of specific conditions, and will steer the conversation towards these issues. I have tried to be careful not to "put the answers in the mouth" of the informants, but find a balance where the informant's opinions come forward while the researcher get relevant answers to his questions. It has been important to me to let the informant control the conversation and let him / her "derail" and talk about matters that are outside the issue at hand. Such "derailment" frequently contributed to a more complete picture of the informant's perception of certain conditions.

When conducting qualitative interviews, the researcher will sooner or later reach a point where further interviews do not provide new information and reach a "saturation point" (Holter 1996, in Kalleberg and Holter 1996). I clearly reached such a saturation point with

several of my informants due to the fact that the companies in only a limited degree implement CSR activities in a strategic way.

Pawson et al. (2003) have developed a set of criteria under the acronym of TAPUPAS that has the merit of not restricting itself to validity, but including other pertinent issues relating to rigour such as ethics and accessibility:

- Transparency: is the process of knowledge generation open to outside scrutiny?
- Accuracy: are the claims made based on relevant and appropriate information?
- Purposivity: are the methods used, fit for purpose?
- Utility: are the knowledge claims appropriate to the needs of the practitioner?
- Propriety: has the research been conducted ethically and legally?
- Accessibility: is the research presented in a style that is accessible to the practitioner?
- Specificity: does the knowledge generated reach source- specific standards?

Conversely, there are also procedures to help qualitative researchers ensure the credibility of their findings. Thus, for example, Silverman (2001) recommends five approaches to improve the validity of qualitative work: application of the 'refutability principle', use of the constant comparative method, comprehensive data treatment, deviant-case analysis, and use of tabulations. Such procedures do not hold out the promise of absolute validity, but do provide the vehicles for bolstering our confidence about the degree to which 'an account accurately represents the social phenomena to which it refers' (Hammersley 1990, p. 57).

As has already been noted, rather than seeing the existence of multiple voices as a barrier to validity, realists such as Pawson and Tilley (1997) make a virtue out of perspectivism. In recommending realism as the basis for evaluation research, they argue that a major aspect of promoting the validity of evaluation studies is to recognize that programmes or interventions will be viewed differently from the different perspectives of the different stakeholders involved.

3.5.1 Interpretation principles

"Between" what actually happens and the descriptive analysis undertaken, we find the variable called the field worker (Wadel 1991, 77). As mentioned during the course of this chapter, it has important for me to be aware of my own role in the fieldwork. But it is also

important for the researcher to be aware of its own base for the study by analysing data. By that I mean that a researcher has a certain basis in terms of the technical, political, cultural and social background he or she has. Feminist theory describes such a basis as situated knowledge (Haraway, in Peet 1998), and refer it to an understanding that the knowledge researchers are presenting their works, have passed through the researcher's interpretation filter, which is a result of the researcher's background. How a person perceives and understands the world is thus characterized by a person's background. The best way to deal with such a bias is to be aware of it, and reflect on their position when drawing conclusions.

4.0 The Indonesian context

There are only a handful of countries that have experienced what Indonesia has endured: financial crisis, political instability, separatism, ethnic conflicts, terrorism and natural disasters. Given the array of challenges that confronted us, what Indonesia has become today is nothing short of remarkable.

President Dr. Susilo Bambang Yudhoyono (Strategic Review 2011)

Indonesia, with its more than 17 000 islands, is Southeast Asia's largest economy and has the world's fourth largest population. Until 1998 the country was a centralized authoritarian regime. It has since evolved to become among the most democratic countries in Asia, with a high degree of stability and decentralization. The national economy is strong and growing and is expected to continue to grow by more than 6 % per year.

Despite this, more than half of Indonesia's 248 million people live around the country custom poverty line of 200,262 rupiahs per month ($ 22) (Manning and Sumarto 2011), although official numbers claim 12 % of the population below the poverty line (Statistics Indonesia 2013). There are also several of the UN Millennium Development Goals that Indonesia is unlikely to achieve by 2015. The country has high, but steady decreasing infant under five mortality rate, down from 44 per 1000 (2009) to 27 per 1000 in 2012 (Jakarta Post 2011, CIA factbook 2013). Maternal mortality is still high (220 per 100 000 live births), and only 46% of the population has access to adequate sanitation. This is far below the target of Millennium Development Goal of 86% (World Bank 2010). Indonesia also ranks as one of the world's

most corrupt countries, with the consequences this has for both the everyday life of the average Indonesian, but also for foreign and domestic business ventures.

4.1 Country economic figures

The industrial sector is the largest in terms of GDP (47.2%), followed by services (38.1%) and agriculture (14.7%) (CIA Factbook 2011). Due to declining oil production, Indonesia is today a net importer of oil, which led to the decision to leave OPEC in 2008, despite being one of the founding members. Indonesia is the world's largest palm oil producer, and a major producer of liquefied natural gas (LNG), rubber, coal, and cocoa. The country's main industries are: petroleum and natural gas, textiles, apparel, footwear, mining, cement, chemical fertilizers, plywood, rubber, food, tourism. The main agricultural products are rice, cassava, peanuts, rubber, cocoa, coffee, palm oil, poultry, beef, pork and eggs (ibid).

Indonesia's exports account for about 27 % of the country's economy, or about $203 billion, while investments make up 32 %, based on the value of the country's economy as of 3rd quarter 2011. Private consumption accounts for 56 % of the economy, which at $706 billion is the largest in Sout-east Asia (Statistics Indonesia 2013). The main export commodities are oil & gas, electrical appliances, rubber products, and textiles. Major export destinations are Japan (17.6%), Singapore (11.5%), the US (11.03%) and China (7.6%) (CIA Factbook 2013).

In terms of employment, the service sector is the largest (48.9%), followed by agriculture (38.3%) and industry (12.8%). The unemployment level is 6.6 % (2011 est.), and has decreased from 8.14% in 2008. However, these figures are highly uncertain, and the rate of "underemployment" is much higher. The GDP per capita was $3,500 in 2011, a significant increase from the US$ 771 GDP per capita in 2001, and exceeds many of its ASEAN neighbors such as the Philippines and Vietnam (US Commercial Service 2012). Adjusted according to purchasing power parity (PPP), GDP per capita is $4700 in 2011. With its strong economic growth seen over the past decade, Indonesia is moving from a lower to a middle-income developing country. More than 60 million low-income Indonesian workers are projected to join the middle class in the coming decade, significantly increasing the already strong consumer demand (ibid).

4.2 Framework for international investments in Indonesia

There is a strong sentiment of Nationalism in Indonesian economic management, based on the principle of national ownership to the economy (Gayo 2012). As we shall see, there are many

rules and regulations in place to ensure national control over both investments and resource extraction. At the same time, it is adamant for Indonesia to attract foreign investments, both by developing and maintaining an inviting regulatory framework and proper investment facilitation and infrastructure. Export Processing Zones are part of these efforts (see below).

Indonesia has got an impressive and almost encompassing presentation of its framework for international business activities. Indonesia Investment Coordinating Board has presented a series of books comprising the detailed framework of business activities in Indonesia, and broken much of the data down to each province. In the following, I will try to present the outline of this material.

4.2.1 Investment climate

The World Bank has stated that Indonesia's economy is expected to emerge as a winner after the global financial crisis. Indonesia is Asia's third fastest-growing economy, positioned only after China and India. According to the World Bank's representative in Jakarta, a number of factors have helped the country avoid the worst effects of the global crisis. Some of these factors are Indonesia's decision to increase deposit insurance, boost coordination with the central bank, and strengthen bank supervision (World Bank Presentation, Jakarta 2012). Another important factor is that as much as 60% of GDP is from domestic consumption. Indonesia is thereby not affected much by changes in international demand (Jakarta Globe 2011).

4.2.2 Negative Investment List

However, Indonesia has a strong urge to control its resources. As a new democracy and fast emerging economy, it is important for the Government to set limits for foreign ownership in vital sectors. The Indonesian government adopted the Presidential Regulation No. 36/2010 called The Negative Investment List, increasing foreign ownership limits for certain local businesses and properties. The regulation is to give simplification and certainty in order to increase investment attraction and improve the investment climate. It is also aimed to comply with the Indonesian commitment regarding the ASEAN Economic Community, which is why it sets out an attachment providing ASEAN investors higher maximum ownership in some sectors (Eurocham 2012).

The new regulation eases restrictions on foreign investment in sectors such as construction, health care and electricity generation. A significant article in the regulation is that a foreign investor owning a controlling stake larger than allowed, must release their shares within two years. The regulation also recognizes a grandfather clause, which means companies that already have permits prior to the new regulation do not have to follow the new regulation (ibid).

First and foremost the purpose of the Negative Investment List is to draw a demarcation line between foreign and domestic ownership and investments in Indonesia.

4.2.3 Infrastructure

Well-functioning and extensive infrastructures play a fundamental role in enhancing the growth prospects of an economy. Both the extent and the quality of infrastructure are important in raising private-sector productivity and investment rates, particularly the adequate functioning of roads, railroads, ports, and air transport, as well as a reliable energy supply and telecommunications network. Indonesia urgently needs to upgrade its infrastructure to ensure that its economy grows at its potential of around 8 per cent per year, according to a special report published by Standard Chartered Global Research (Kok et al. 2011). The report explores the current condition of infrastructure in Indonesia, focusing on land transport, sea transport, air transport, and power infrastructure. Land transport infrastructure (comprising of roads, toll-roads, railroads and bridges) is still concentrated in Java, home to 59 per cent of the country's population and which occupies about 7 per cent of Indonesia's land area but contributes about 58 per cent of Indonesia's GDP (ibid).

As a result of this unequal distribution of national land transport system, resource-rich islands outside Java are still growing below their potential, and thus not taking part in the steady economic progress of Indonesia. Meanwhile, compared to other ASEAN-5 countries, Indonesia's main airports and seaports are out-dated and, in some cases, overcrowded, putting Indonesia in a less competitive position in the world of international trade (ibid).

Indonesia Infrastructure Initiative (2011) argue that institutional problems, rather than resource constraints, is the primary reason for infrastructure failures (Prakarsa 2011).

A chronic lack of infrastructure contributes to poor health outcomes. Only 52 per cent of the population has access to improved sanitation facilities, and the share drops to 36 per cent in rural areas. Furthermore, 80 per cent of the population has access to improved water sources, which is 8-17 percentage points lower than all comparator countries, including less-developed India (88 per cent) and Vietnam (94 per cent) (ibid).

4.2.4 Labour issues

The Indonesian Labour Law (2003) is globally among the most restrictive, and is in theory benefiting the labour force. The implementation is however poor, and the judiciary system is prone to corruption and fraud.

Only 10 per cent of the labour force in the formal sector in Indonesia is organised in unions. Knowing that only 1/3 of the labour force is found in formal sector, it goes without saying that the level of labour organisation is very low in Indonesia (Strait Times 2011). Apart from legal restrictions of the rights to freedom of association and collective bargaining, there is considerable anti-union sentiment and activity in Indonesia, and even those rights recognized in law are not always protected in practice (Sivananthiran 2007). Frequently, when workers try to set up trade unions, companies either fire or demote union leaders and members, making workers afraid to organise or join a union.

There exists a system of minimum wage standards across the archipelago that differentiates between the regions according to living standards and investment needs. The system is contested, and especially the labour unions are claiming that minimum wages are part of a "conspiracy between the government and private capital interests". All businesses tend to level their salaries accordingly, never above, or in accordance to decent living costs in the different regions. In some areas, the minimum wage is beneath a decent living standard, but this living standard is also defined by the government, and is thereby contested by many interest groups as being too low.

Logistic headaches add 15 % to the price of doing business in Indonesia, compared to 5 to 6 per cent in better-developed countries. Add a further 5 to 10 per cent for corruption and bureaucratic red tape, and it is inevitably the workers who lose out (Strait Times 2011).

No matter the strict Labour Law from 2003 – Indonesia occupies the 86.th place among 100 selected counties on the International Labour Organisation's 2010 list of workers with the lowest average minimum wage – or well below US$ 250 per month. That ranges from $155 in far off Papua to $ 65 in Central Java, well below the levels in Thailand and the Philippines, where even the lowest monthly wage is $ 160 (ibid).

Minimum wages are politically negotiated, and thereby often also politically motivated, and Apindo, the Indonesian employers' organisation, has recently filed a lawsuit against the Governor of the city of Tangerang for increasing the minimum wages from $153 to $170 per month just before the upcoming elections.

4.2.5 Export Processing Zones

Over the past three decades export-processing zones (EPZs) have become popular instruments of trade policy, offering enterprises located in them free trade conditions and a liberal regulatory environment. Many countries see export promotion as an important tool for economic growth, and various measures are being adopted by the governments in these countries to promote export competitiveness (Sivananthiran 2007).

Some of the key characteristics of successful zones are that they offer immediate access to high quality infrastructure, clearly titled land, facilities and support services. In addition streamlined regulatory enforcement, simpler business establishment rules, expedited customs administration and other special administrative and approval procedures are also offered (Wahyuni & Astuti 2010)

EPZs provide customs-free and tax-exempt, export-oriented manufacturing facilities, investment incentives and streamlined administration, cheap utilities, and better infrastructure. Most enterprises in EPZs are engaged in processing intermediate imports for exports. Also included are labour-intensive light manufacturing such as garment production, assembly of light electrical goods and electronics.

Among the benefits offered are exemption from: some or all export taxes; some or all duties on imports of raw materials or intermediate goods; direct taxes such as profits taxes; municipal and property taxes; indirect taxes such as VAT on domestic purchases; national foreign exchange controls. Foreign companies also benefit from free profit repatriation. EPZs

offer streamlined administrative services, especially to facilitate import and export, and provide free enhanced physical infrastructure for production, transport and logistics (Milberg 2007)

Indonesia's most important Export Processing Zones are in the greater Jakarta area and in Bantam, which over the years have attracted reasonable amounts of investment and contributed to the success of the industrialization strategy in Indonesia (Sivananthiran 2007).

The success of Batam in attracting investments is largely due to the willingness and determination of officials to adopt measures that cut through the red tape with one-stop interfaces, speedy processing of development proposals and co-operative handling of visa applications for key people. Potential investors also have been wooed with investment allowances, tax concessions and exemptions going beyond the benefits of Batam's duty free status (ibid.).

Laws that normally have a strong bias towards nationalisation, local ownership and participation have been relaxed to allow foreign ownership of houses and commercial property, and enterprises can be established without any requirement for Indonesian ownership participation – the business or company can be wholly foreign owned.

4.2.6 Corruption

President Yudhoyono campaigned and was re-elected in 2009 on a strong anti-corruption platform. However, some believe efforts to combat corruption have weakened, both within the administration, and within Indonesia as a whole. Corruption is endemic across all sectors (US Commercial Services 2012). Indonesia is trying to break a long tradition of corruption by implementing transparent and accountable governance. However, the former and present political, administrative and business elites continue to seek influence and consolidate their position in the new democratic system through informal networks. Decades of collusion between business and government have created a relatively stable, but highly unaccountable system, which does not benefit the general population.

Indonesia's recently democratised system reportedly contains some legislative and institutional shortcomings that allow for continued corrupt practices. At the same time, many

legal and institutional initiatives have been undertaken to combat corruption, such as the ratification of the UN Convention on Corruption (UNCAC) in 2006 and the establishment of Corruption Eradication Commission (KPK, in Indonesian) under Law No. 30 of 2002. These measures signify a keen ambition on the side of the government to curb corrupt practices. According to Freedom House 2010, the KPK is viewed as the most effective investigative agency in the country. The KPK consists of a special Corruption Crimes Court, and has 105 employees (2011), in positions ranging from policemen, independent prosecutors and investigators. However, reports indicate that corruption has been exacerbated, largely as a consequence of political and administrative decentralisation initiated in 2001 (Freedom House 2010).

According to the World Bank & IFC Enterprise Surveys (2009), nearly 15% of the surveyed companies expect to pay bribes to public officials to 'get things done' and 14% state that corruption is a major problem for doing business in Indonesia. Bribery typically occurs during licensing procedures. According to the same source, foreign companies report that unwarranted fees or facilitation payments are required in order to obtain permits and licences, to speed up processes or to win government contracts and concessions.

Generally, the lack of local compliance with national law and inconsistencies between local and national law is a major problem in Indonesia. According to the US Commercial Service 2010, laws and regulations are often vague and vary in implementation across different Indonesian regions, leading to increased business uncertainty and rent-seeking opportunities.

There are however signs of positive change. Indonesia's overall performance on key dimensions of anti-corruption and good governance has generally improved, particularly in access to information and judicial accountability. One of the most visible improvements is the implementation of the freedom of information legislation, which allows an appeal of a refusal to release information (Global Integrity 2011). In the past two years, good governance and anti-corruption stakeholders have been more active in the problem of corruption in the judiciary, which includes police, prosecutors and judges.

4.2.7 Conclusion Investment Climate

For Norwegian companies establishing and operating in Indonesia, there are a number of considerations to make: limitations to foreign ownership, regulatory frameworks such as strong Labour Laws, infrastructure and the challenges related to corruption and bribery. However, Indonesia appears to be an attractive market for foreign investments. At the same time, the Indonesian state shows clear preferences for National control over resources and activities. In the balance point between these conflicting viewpoints we find CSR and its potential to bridge the interests of companies and society (Gayo 2012).

4.3 Indonesia and corporate social responsibility

Indonesia as a conglomerate of political stability, explosive economic growth, large national market, growing middle class and a large poor population is a tempting combination for global business:

"Today, Indonesia checks almost all the right boxes for an emerging market economy with a huge potential. A large domestic market, a growing middle-class, strong and sustained GDP growth, cheap labour, abundant natural resources and political stability are some of the Indonesian economy's most attractive traits" (Indonesian-Norwegian Chamber of Commerce website 2011)

Such a tempting market for the private sector also carries with it a risk of exploiting the abundant resources at the expense of the local communities. From the end of the 1990s, there have been both strong forces and counter forces in Indonesia in relation to regulation of private business and corporate self-imposed social responsibility (Rosser & Edwin 2010). CSR in indonesia was first formally recognized by state-owned enterprises (SOE) in 1989 when the Minister of Finance released a SOE policy to support cooperatives, small and medium sized enterprises financially in SOE business operation areas (Gayo 2012).

Transition to a more democratic and decentralized political system in Indonesia in early 2000s has contributed to the rise of CSR in Indonesia. Decentralization has reduced the level of protection from local protests and demonstrations that companies previously enjoyed by the central government. It has also placed the power of negotiating terms of business into the hands of local government officials who are requiring more from companies in return for

access to natural resources and cheap labour. It is obvious that decentralisation creates additional efforts to develop relations beyond central government bodies (Koestoer 2007).

When Indonesia in 2007 announced its new corporate law, the country was the first to make CSR investments mandatory. This was the result of a tremendous political mobilization by NGOs and local authorities, although with some very different motives (Rosser and Edwin 2010).

4.3.1 The power-play behind the CSR law

According to Rossier and Edwin (2010), three main coalitions of interest have been involved in the struggle over CSR policy in Indonesia.

1) The first of these has been the dominant sections of Indonesia's business society – that is, multinational companies (MNCs) and large domestic conglomerates. This coalition has had a material interest in the maintenance of a voluntary approach to CSR: (Indonesia Business Links); the Indonesian Employers Association (APINDO); and the Indonesian Chamber of Commerce (KADIN)).

2) Members of local communities that have been negatively affected by corporate activity, and their allies in the NGO movement, by contrast, have had an interest in a mandatory approach to CSR. Representatives of this coalition, such as the activists associated with Business Watch Indonesia, have argued that a mandatory approach is necessary in order to hold Indonesian companies accountable for the negative social and environmental impacts of their activities.

3) "Predatory elements" within the political parties and the bureaucracy had also supported a mandatory approach to CSR but for different reasons to members of local communities and their supporters in the NGO movement. Like the latter actors, representatives of this coalition have argued that a mandatory approach is necessary to ensure that large foreign and domestic companies act responsibly. But their real interests have been said to be twofold: first, to redistribute wealth from large foreign and domestic companies to political party and bureaucratic officials, the predominantly pribumi (indigenous Indonesian) businesses to which many of them are connected, and the individuals and organizations that make up their

patronage and support networks; and second, to maximize their chances of re-election (see also chapter 5.4.1: Government relations).

Article 74 represented a compromise between all three coalitions (Rosser and Edwin, 2010), but remains contested, particularly due to its fairly unclear implementing consequences and lack of clear sanctioning procedures.

4.3.2 The content of the CSR law

The article 74 states the following (Sriro 2011):

(1) Limited liability companies that carry out business activities in natural resource sectors or that are connected with natural resources are obliged to implement Corporate Social and Environmental Responsibility.

(2) Corporate Social and Environmental Responsibility, as referred to in paragraph (1) represents a responsibility of a limited liability company that is budgeted for and calculated as an expense of that company, the implementation of which is to be carried out paying attention to appropriateness and propriety (kepatutan dan kewajaran).

(3) Limited liability companies that do not implement their obligation as referred to in paragraph (1) will incur sanctions in accordance with the provisions of legislative regulation.

(4) Further provisions concerning Corporate Social and Environmental Responsibility will be laid down (diatur) in a Government Regulation (Peraturan Pemerintah).

Representatives of the business community refused to accept Article 74. In December 2008, KADIN, the Indonesian Young Entrepreneurs Association (HIPMI), and the Indonesian Women's Business Association (IWAPI) appealed to the Constitutional Court to have Article 74 declared unconstitutional on the grounds that it caused legal uncertainty and was discriminatory. At the same time, leading business figures moved to defeat Article 74 at the implementing regulation stage. According to a constitutional court verdict following a judicial review of the CSR law, the appeal was denied with reference to the Indonesian overarching economic principle, which is known as "the economy owned by the people". In addition, the court argued that Article 74 (the court referred to the CSR law) was legitimately one of the government's strategies to involve corporate participation on local economic empowerment programs (Gayo, 2012).

This is clarified in the elucidation of article 74, which states that the intention is to '*create a relationship between companies and the environment, values, norms, and culture of local communities that is harmonious, balanced and appropriate*' (italics added).

According to the law, Failure to do so may result in sanctions. The sanctions will be in accordance with several other laws regulating business conduct in Indonesia (i.e. Industry law, Environment law, Monopoly law, Human Rights law, Forestry Law, Employment law, State Owned Company law, Water resources law, Mining law).

It is a strong political interest in administrating the social responsibility funds on a local political level. Several local governments have started budgeting with CSR funds in the wake of the Investment law from 2007. It is called "Social Aid" funding but often it does not benefit the needy. On the contrary, political parties "pocket" the money to finance their political activities or to support regional election candidates (Jakarta Post, 2011). For the Supreme Audit Agency (BPK) the mismanagement of social funds is nothing new. It is one of the agency's regular and classic findings. Yet, state bodies remain unhampered and keep such illicit practices alive. After decentralization was introduced in 2001, power and authority are more diffused shifting from the centralized corruption version (like during Soeharto's era) to a more fragmented bribe collection system. Regulatory goods such as licence/permit, compliance to environmental regulations, local tax appraisal, and employment contract inspections create artificial complementary regulations, hence the domain of corruption and rent seeking behaviour (Kuncoro, 2006, in Koestoer, 2007). We will return to this issue in the discussion part (Chapter 5) of this thesis.

Indeed, in its latest report, the BPK found that at least 8 of 34 ministries had mismanaged funds allocated for social purposes. The ministries total combined allocation for social aid in 2010 was Rp. 56.78 trillion (US$ 6.42 billion) (ibid). The Jakarta Post compiled the BPK's 2011 reports and found that at least 2.79 trillion (US$304.11 million), or 4,91 % of total social aid funds were mismanaged and potentially misused to serve interests quite separate from social welfare purposes.

There are also other government institutions using the leverage of the Investment law to develop procedures for CSR practices. BP Migas, the regulator for upstream oil and gas activities, has developed a Standard Operational Procedure (SOP), regulating CSR activities in local communities around oil extracting sites (see chapter 4, empirical findings).

4.3.3 Finally regulation in place

Government Regulation No. 47 of 2012 on Corporate Social and Environmental Responsibility has been issued on 4 April 2012 to implement Article 74 of Law No. 40 of 2007 on Limited Liability Companies. This is a long-awaited piece of implementing legislation clarifying the nature of the required corporate social responsibility (CSR) activities, which have been a vague requirement (which has survived a Constitutional Court challenge) for nearly five years (Lubis, Ganie & Surowidjojo 2012)

Article 2 in the regulation states that all limited liability companies have social and environmental responsibilities, while Article 3 states that companies in, or related to, the natural resources sector have an obligation to exercise such responsibilities both within and outside the company's business activities. Elucidation of Article 3 (1) further elaborates on what is meant by companies related to the natural resource sector, and defines such as those having an impact on the function of natural resources, including the conservation of the environment. This is a change from how the CSR obligation was previously understood, in that it now applies to all companies that have an environmental impact, and not merely to those whose business activities are in, or related to, the natural resource sector (ibid).

4.3.4 Conclusion CSR in Indonesia

Despite the contested motives behind the power play around the CSR law of Indonesia, there seems to exist a fairly agreed-upon common objective among the stakeholders: the redistribution of resources and wealth from private companies, both foreign and domestic, to local communities in order to ensure development and prosperity for the people of Indonesia. There is no surprise that there are differences regarding how this redistribution is to be implemented and organised.

5.0 Empirical - CSR as grounding of corporations in Indonesia

After having clarified the backdrop of the CSR law of Indonesia and the different objectives for establishing activities in Indonesia (See chapter 3), I turn to look at how CSR practices play a part of the grounding efforts by both the companies and their stakeholders in Indonesia. The outset of my research has been to investigate if *the CSR law of Indonesia is part of a "re-territorialisation" tendency, and can CSR work as a catalyst for grounding foreign companies*

to local communities in an ever-globalising world? Underneath this research question lies a curiosity about whether or not CSR is only performed as a voluntary, conventional charity activity by companies polishing their image, or if claims of social responsibility play a more strategic role in company establishment in the Indonesian market, to ensure corporate citizenship and thus more "grounded" corporate behaviour?

I intend to start out with describing *what I can see*: the concrete CSR activities performed by the Norwegian companies in Indonesia, and what kind of resource transfer that takes place. Then I will try to understand *why I see this*. Who are the target groups of the CSR activities, who are the beneficiaries, and how do this play a part in the stakeholder management of the companies?

Then I will try to investigate what makes the different stakeholders influential by looking at the encounters between company and stakeholders, and how these encounters influence on company place making. I have tried to operationalize the concept of "grounding" in relation to a polarised pair of concepts: attachment and detachment forces. To a large extent these correspond with Manuel de Landa's concepts "territorialisation" and "de-territorialisation" (De Landa, 2006), which I find very relevant in a discussion of the grounding of transnational companies in local contexts (see chapter 2.1.3).

I will try to analyse the impact of territorialising (attachment) and de-territorialising (detachment) forces influencing the companies by categorising the encounters accordingly. Finally I will discuss whether or not we can identify clear grounding tendencies as a result of the CSR law and the corresponding CSR activities and stakeholder management conducted by Norwegian companies in Indonesia, and if the official motivation and objectives behind the CSR law, which is said to be to create a harmonious relationship between companies and local communities in Indonesia, are being accomplished.
Bur first I will elaborate on the motivation among the companies for entering the Indonesian market, and what obstacles they identify. How are the companies mapping the new territory?

5.1 Mapping of the new territory: background for company establishments

A strategic discussion like a potential move into foreign markets will most often be proceeded by a scrutiny of risks and opportunities embedded in the new context. Virtually all companies in my sample conducted some sort of pre engagement analysis.

5.1.1 Pre-engagement analysis

"The potential is huge, very huge. What they (Norwegian companies) need to do is to prepare. They must not only enter at random. (…) Stakeholder analysis is key. One must know the rules, know the potential; who you should work with and against" (Consultant K, interview 18.10.11).

All companies in the study claim to have conducted risk analysis and stakeholder analysis before entering the Indonesian market. However, the magnitude and the quality of these analyses are of very uneven quality. Some are very thorough (Company B), some decent (Company D), whilst others are either very shallow, or not recorded in the company (Company A, C, E, F, G, H, I). During this study, I have only been able to obtain two such analyses (B and D).

A reason for the limited risk analysis might be that they per definition are conducted before the engagement. They are conducted when Indonesia and the new operational territory still is considered to be a mere "location", without any broader value than profit for the companies. Following Tuan (1977) and Agnew (2011), the companies have still to put any place-making investments into it, and therefore, the knowledge is equally limited.

Another of the reasons for the missing pre-engagement analyses might be that several of the Norwegian companies present in Indonesia are only suppliers. Company G puts words to this fact:

"We are only a supplier here. It is PNG (State Owned Enterprise, national gas distributor) that needs such a stakeholder and risk analysis. We don't even own the infrastructure we are operating" (Company G, 05.01.12).

This entry point might limit the stakeholder analysis to competition and regulatory issues, and thus, the supplier companies show far less interest in CSR issues in the interviews. The

interview with the company underscores this assumption: *"We have no long term interest in the area (where we do our seismic operations)* (Company F, interview 05.01.12). There are always costs related to embedding and place making. Not all companies are willing to take those costs.

Company B, on the other hand a major operational player, conducted two stakeholder reports before entering their first exploration fields in Indonesia. Both analyses were outsourced, one to a renowned consultancy, the other to a research team at the University of Bogor. Here, the outcomes of place-making investments are potentially much higher, since the long-term presence exposes the company for more of the local context.

5.1.2 Motivation factors

Company D is claiming to establish their operations in Indonesia due to access to (cheap) skilled labour. The strategic document is developed prior to an establishment in order to convince the company board that going to Indonesia was a strategically wise move. This document underscores the claim that multinational companies are searching the world for lower cost, more efficient production sites and for new markets (Lall and Narula 2004).

The strategy paper of Company D gives a rare insight in a company's considerations before entering a new market. According to this document, the company's unit cost will be *"well below US$ 50 per hour; which is currently 60-70 % below our Norwegian cost, the level of competence is very high and we can improve the visual impression of our (…) products significantly"* (Company D, Strategy Paper, 2008).

Findings show that the motivations behind entering the Indonesian market mainly are access to a profitable regulatory framework, access to cheap skilled and semi-skilled labour and access to the large Indonesian consumer market.
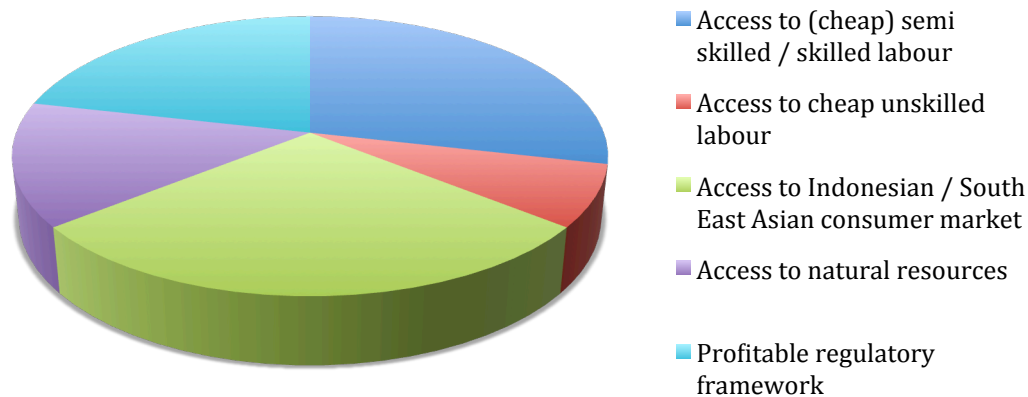
Motivation for entering the Indonesian market

Access to (cheap) semi skilled / skilled labour

Access to cheap unskilled labour

Access to Indonesian / South East Asian consumer market

Access to natural resources

Profitable regulatory framework

Figure 6: Motivation for entering the Indonesian Market

5.1.2.1 Cheap labour

Indonesia is a tempting business destination due to its very low minimum wages. This could be said to be in line with Aihwa Ong's claim that neoliberal capitalism is dependent on a place bound, ethnified (sic) and gendered human capital that make up cheap labour, together with the zoning economies of developing countries (Ong, 2006: 97-138). Indonesia is encouraging international investments, and offers the cheapest labour costs in all of South East Asia, a wide range of tax holidays for foreign capital within its zoning economies, together with an enormous internal consumer market and natural resources in abundance.

Company A established in two of the Indonesian Export Processing Zones (EPZ) in order to get access to both cheap land properties and cheap skilled and unskilled labour.

"We hire them (workers) and train them ourselves" (Company A, interview 20.12.11).

5.1.2.2 Favourable Regulatory Framework

Given that Indonesia ranks both relatively and absolutely poor on business facilitation (number 128 out of 185 nations, 3.rd last among APEC economies, but in line with Brazil) (World Bank/IFC 2013), one might assume that the claimed profitable regulatory frameworks are related to *the absence* of strict regulations more than to the smoothness and functionality of the existing ramifications, although this is presumptuous. This would however coincide with Doreen Massey's focus on the weak state and the strong corporate finance sector,

especially in poor and emerging economies (Massey 1995). Some of my findings underscore this presumption.

Company H came to Indonesia due to a profitable regulatory framework (less strict compared to international industrial standards) for vessels in seaborne trade. The company was set up in Indonesia in order to facilitate a haven for older boats in the fleet of the mother company. Their main customers, oil and gas companies, operate with an age limit of 15 years on the vessels that serve their activities. Many of the ships owned by the mother company are above this age limit. But the vessels are still profitable and safe, according to the company, and it will be a financial loss to sell them. By registering their older vessels under its Indonesian subsidiary, the mother company becomes more competitive as the average age of its fleet meets the standards of their clients.

As they now are present in Indonesia, the company is strongly focusing on the Indonesian market and how to make the most profitable use of their vessels in Indonesia. The company also benefits on the somewhat underdeveloped shipping environment in Indonesia in other ways:

"The other market for us is in ship management. Due to the very strict safety culture within the international oil companies, many (Indonesian) clients are afraid of failure. They therefore outsource their ship management to companies like ours. We have a lot to offer regarding safety culture and management" (Company H, interview 18.11.11).

In this way, Company H both benefits from the less strict safety and quality regulations of seaborne vessels in Indonesia by registering the ageing part of their fleet in the country, and on the other hand offer advanced competence within safety culture and ship management on the other in order to develop a competitive edge in the Indonesian market. This latter aspect shows in an intriguing way in which flexible capital meets more localised, fixed regulatory frameworks (Massey 1995, Ong 2006).

5.1.2.3 Natural Resources

Another obvious reason for Norwegian companies to establish in Indonesia is the vast access to natural resources, and related to Norwegian key competence - mainly oil and gas. Indonesia

is by comparison an old oil and gas nation, starting its extractive oil industry as far back as the 1880's. Today, the production is stagnating, and more and more of the valuable gas and oil fields are found at sea, in deep waters, where the resources are more difficult to exploit. Here, Norwegian competence is put to work, and as we shall see, the stakeholder make-up of the extractive industries are somewhat different from other sectors, giving Norwegian companies some leverage compared to others, but also some challenges.

5.1.3 Demotivation factors

According to World Bank (2012) there are a lot of obstacles for companies wanting to do business in Indonesia. This also become evident when looking at the risks identified by the Norwegian companies. For this thesis, looking into the risks identified might give clues to if they are part of the tensions between the globalised firm and the local context. The risks identified will also be a point of entry in order to shed some light on what kind of strategies chosen by the companies in order to surpass these obstacles, and if CSR might play a role in these efforts. Most important however, is that the risk analysis gives us the first example of the process of slowly transforming the foreign territory from location to locale, and ultimately a place inhabited of people and structures that influence the company achievements.

Most of the companies identify corruption, regulatory issues and bureaucracy as the main risks. This might be grouped as one category: corruption and red tape practices (i.e. extensive bureaucratic procedures with the intention of prolonging processes and creating rent seeking opportunities). Transparency International ranks Indonesia 110 out of 178 on its global corruption perception index[4] (TI 2012), and curbing corruption is at the forefront of most Norwegian corporate activities in the country.

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[4] TI Indonesia's bi-annual *Indeks Persepsi Korupsi (Corruption Perceptions Index)* measures how corruption is understood and experienced throughout the country. 3,500 citizens, business people, civil society actors and public officials across 50 cities are asked about their perceptions and experiences of corruption in the public sector. In the 2008 Index, police and customs were perceived to be the most corrupt institutions, and 45 per cent of public officials admitted to accepting bribes. The survey results were presented to the Indonesian Anti-Corruption Commission. Surveys for the 2010 Indonesian *Indeks Persepsi Korupsi* are currently being carried out.

% of companies identified risk (N=9)
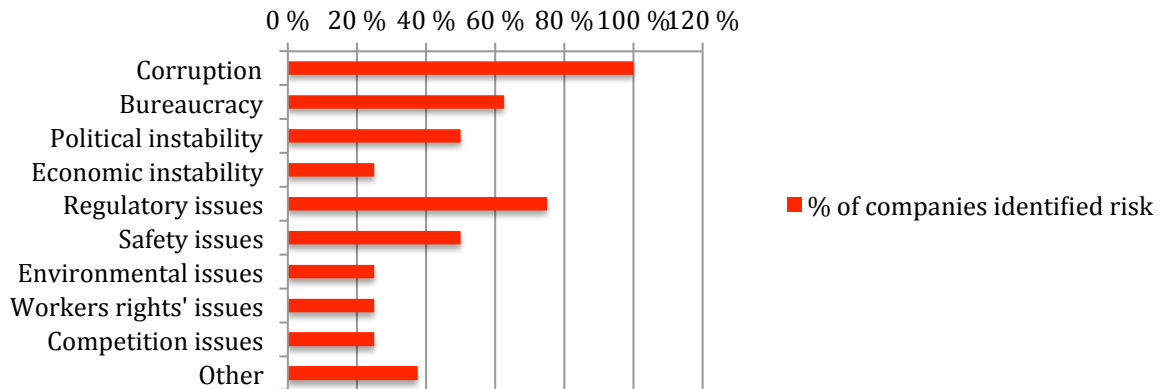
Figure 7: Risks identified by Norwegian companies

To most companies, transparency and anti corruption policies are part and parcel of their corporate strategy and communication (Company A, B, C, E, F, G, H, I, annual reports and web sites). Most Norwegian companies deny taking part in any corrupt practices:

"To my company, to follow the rules and regulations is key, and to stay away from corruption, which we do not touch. With my hand on my heart, I can say that nobody has never asked or indicated on their part that they want money under the table. Of course, as a result, everything takes longer time. We are not very white or very honest, but I think it (corruption, bribing) is bad for business. It's just like ransom money: people want to milk a company as long as they can" (Company F, interview 08.11.11).

Others underscore the fact that more or less corrupt practices are part of all business activities, and draw lines to how things are done in Norway:

"No company can escape corruption. All companies present in Indonesia have conducted some kind of corrupt practices (Consultant K, interview 18.10.11).

"(It is) no less complicated in Norway than here. There is corruption everywhere. Negotiating partners cannot be bothered to enter into any relationship that is not already established. That's why we hired a lobbyist. Such contacts are valuable. Commissions and success fees are frequent, but no more than in other countries. We mainly stay away from this by providing services that the public departments need" (Company E, interview 15.12.11).

Some companies refer to similar pragmatic outlooks on corruption:

"We have to swim in the lake we're in, and Indonesian habits apply" (Company D, Strategy Paper 2008).

5.1.4 Conclusion motivation and demotivation for establishment

Considerations around business motivation and profitability are marked by a description of place as "location", constituted of situated resources of various categories (cheap labour, natural resources, regulatory framework, etc.). The other part of this pre engagement mapping is identifying the obstacles. These risks and opportunities are part of Indonesian "locales" that might seem both threatening and tempting for Norwegian companies encountering this market for the first time.

These considerations are mainly made prior to the establishment, and therefore made on the basis of a weaker degree of knowledge of the new market, and thereby characterised by more generalised and informal analyses. Some companies (company B) differ from this by constantly revising and re-doing their analysis of new territories as their activities broadens within Indonesia. I will get back to these examples in the next chapter. Following the argument of Tuan (1977) and Agnew (2011), mapping the new territory could be said to be a first encounter with the social content of place.

5.2 CSR activities carried out by Norwegian companies in Indonesia

Most of the companies in the sample conduct CSR activities of some sort. In the survey, it is not taken into account whether or not these activities are founded on proper strategic stakeholder management, but simply if there are some CSR activities performed by the company. I will come back to the (lack of) strategic foundation of the activities later.

Do your company engage in CSR activities?

Yes
No
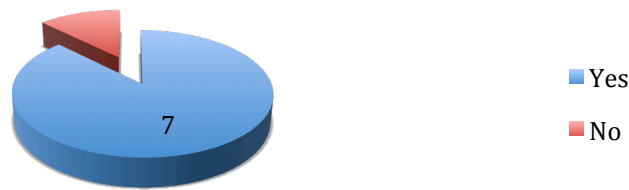
When we break the activities down to categories, there is a wide range of CSR activities carried out by Norwegian companies in Indonesia. Educational projects are most common, followed by environmental, social and health projects. There seem to be little variety in the selection of CSR projects, and irrespectively of branch or sector, the projects are quite similar.

CSR activities
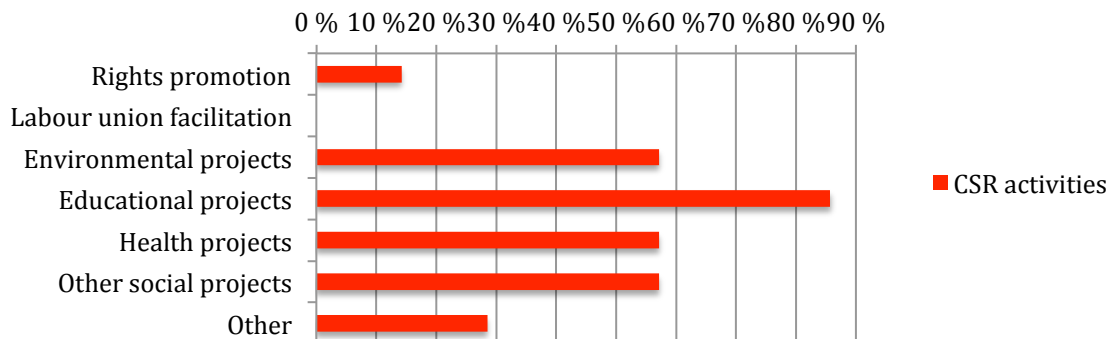
CSR activities

Figure 9: CSR activities (N=9)

At first glance, one might assume that the CSR activities are based on the kind of needs that is found in local communities in Indonesia, where people are relatively poor, and where lack of health services, educational facilities and personnel, clean water and proper sanitary infrastructure are the most crucial problems that have to be dealt with (World Bank 2011).

5.2.1 Environmental projects

Company A, B and C carries out the main bulk of environmental projects in my sample. The projects are mainly about waste management, environmental incidents, energy efficiency and some smaller environmental projects directed toward adjacent communities like housing gentrification or landslide protection areas, fixing drainage systems, tree planting, etc. This can be said to follow the historical development of CSR in Indonesia, where mining companies have been closely scrutinised for their environmental performances over the past decades due to large incidences of environmental damages leading to vast community stress (Rosser and Edwin 2011). There are also a wide variety of laws and regulations concerning environmental issues in Indonesia, illustrated by the fact that Company B has to comply to 65 different regulations in order to conduct oil and gas explorations, where the main bulk of these are environmentally related (Company B profile report West Sulawesi). Many of the activities within the environmental area would thus not be categorised as CSR due to their legal compulsory nature.

The actual resource transfers from company to local communities by these environmental projects are relatively limited. The main bulk of the projects are internal, and motivated by reducing the negative impact of the company on local environment. Such reductions of negative impact can however be viewed as resource transfer inasmuch as the company otherwise would have caused potential harm to the local societies. The grounding effects will depend on the motivation behind such activities, as we will return to later.

5.2.2 Educational projects

Educational programs are also common among Norwegian companies conducting CSR in Indonesia. One of the companies, Company B, supports both teacher training, school materials, uniforms and curriculum development in local schools around their operational site in Mamuju. In addition, they conduct training in basic business practices and administration for fisher communities and small-scale businesses within coconut, marine cultivation and horticulture. These efforts are based on analyses of the sensitivity of these communities and businesses around the operational site, carried out by NGOs and the University of Bogor. Another company, Company C, finances local schools in conjunction with other companies

within the Industrial estate where they are located. These schools are mainly for factory workers and their families.

A third example, Company H operates huge educational programs for seafarers in order to develop their own recruitment base in Indonesia. They also have apprenticeship-programs and different competence sharing programs in cooperation with clients. The main bulk of CSR resource transfer from these companies goes into educational programs, and can be claimed to facilitate quite substantial sustainable development impact inasmuch as competence sharing and development stay within the local communities after the programs come to an end.

Company H also talk of competence sharing practices, where the company educates its clients in basic administrative performance such as budgeting and reporting.

Except of the latter two examples, the educational programmes are more in line with standard local community development projects to complement (or substitute) local government services.

5.2.3 Health projects

Along the same lines, health projects are found to support and supplement existing local government services. Company A runs a blood donation program for all their employees as a benefit for local hospitals and the Indonesian Red Cross. Company B finances mobile health clinics in their operational area, covering a substantial part of the villages and local communities within their territory. They contribute with salaries, equipment and medicines. The resource transfer from company to local communities in these programmes is in the case of Company B quite substantial (see example below). Otherwise, health projects are not widespread as CSR activities among Norwegian companies.

5.2.4 Social projects

Company A supports relocation of illegal housing outside their factory premises and construction of new housing facilities for poor workers and their families. They also support infrastructure development like road construction work, road signs, streetlights etc. Company B runs programs within clean water supply, drilling of wells and distribution of clean water. They also facilitate organising of water management through developing local community

groups driven by volunteers and village representatives. In addition, Company B facilitates local entrepreneurs with competence sharing and resource transfer in forms of providing of in-kind services and materials, business opportunity developments and market analysis.

5.2.5 Labour rights

Company C runs its main CSR activities towards workers and their families, supporting them with additional social security, soft loans and other forms of financial support for families. The company also facilitate local labour organising, although not through any established labour union, and involve local labour in decision-making and processes concerning the workplace.

5.2.6 Charity fundraising and support

Company A and C raise or contribute with funds for local sports activities and cultural events like concerts, festivals and tournaments. Company H presents its CSR as more charity work among employees and clients – networking activities like climbing and trekking, with participant fees going to different charitable causes both nationally and internationally. Company B is also very active towards the Norwegian community in Indonesia, with support for different cultural and networking activities within the expat community.

5.2.7 Example of CSR portfolio: Company B

It has been difficult to get access to the total transfer of resources from company to local communities taking place through the CSR activities of the companies. There is a profound lack of strategic foundation for most of the company activities within the CSR area. Only a very few companies in my sample have something close to a CSR plan, let alone a CSR strategy. This lack of strategic foundation leads to unclear budgeting of CSR activities, where the activities are included either in social expenses, communications or Health, Safety and Environmental (HSE) expenses.

Conversely, Company B carries out proper CSR planning. In order to give an example of the total resource transfer from company to local community, I will present an overview of the CSR portfolio of one of Company B's operational areas. The data collection took place during a field trip together with the CSR advisor of the company, visiting most of the activities listed

below. Based on the evaluation report and my own observations, I have tried to outline project inputs, outputs (direct purchase), outcome (short term effect) and impact (mid- to long term effects) of the different activities. The total amount of funding for these activities are roughly said to be NOK 200 million over a period of three to four years.

Table 3: CSR activities Company B

Activity	Input	Output	Outcome	Impact
Fish farming	Loans amounting up to Rp 40,000,000 in total	Expansion of fish floating cage to 400 meter square or two times comparing to previous area The making of 1 cage unit that holds bigger fishes to be cultivated Procurement of 1 unit of fish food processor	The catch is about 1000 kg per year (2 harvests per year, 500 kg per harvest), Market price of 20 000 Rp per kilo. The project is self-subsistent for a fishing group of ten people and their families.	It is also an award-winning project. Well known in area Shift in catching methods among fishers operating in the surrounding areas. From harmful practices as localized cyanide poisoning and dynamite explosives were used for catching, to more sound ways.
Water project	Rp. 270 million investment in total. Resource management competence	Drilling of well about 30 m depth Discharge controlled to only 1.8 m^3/second. Water tower Pumps installation Installation of distribution pipes Length of pipe reaching more than 5200 meters Serve 20 communal tanks	Capacity for 3000 liters per day. 300 households as consumers. There is organized an administrative unit (village group) coordinating the activity and the maintenance.	Pilot project for integrated community development program shown to the local government. Less waterborne diseases.
Crab cultivation	Rp, 15 mill in total, resource management competence, entrepreneurial competence, market know-how	Land acquisition, crab nets	1000 kilos per harvest x 2 per year. 25 000 Rp per kilo = 50 million Rp per year. The same administrative unit (village group) coordinating the activity and doing maintenance.	Transferred entrepreneurial attitudes and market access know how.

Mobile health clinic	Rp. 40 million per month.	2 doctors 2 assistants 2 general helpers 2 administrative staffs 1 driver. Rental of land / house in 4 localities	Patients treated, medicine distributed	Improve the overall health situation for the people of Mamuju district
School management	N/A	7 trainers, 7 schools targeted: Socialization and Advocacy (1 day) Initial Training (4 days), Advanced Training (4 days), In Service Training (3 days at each school), Internship (2 days) Monitoring (in each school for 3 days),	Training of 20 elementary school teachers and their respective principals	Improve school attendance and individual results for students. Create a competent and learning environment among teachers and school management Improve the overall level of competence among the people of Mamuju district.
Illiteracy combating	N/A	2 tutors 2 assistants Three months learning process 3 times one-hour meeting every week, (standards of literacy curriculum (Standar Kurikulum Keaksaraan / SKK) Total of 114 hours.	Graduation rate of participants in the illiterate combating program reached to 95% of the total 100 people where 5 others did not take final exam due to several reasons. The average attendance rate is 90%. All participants were female with age range between 14 to 45 years old.	Improve school attendance and individual results for students. Improve the overall level of competence among the people of Mamuju district.
School materials for children	N/A	205 recipients School uniforms (including a hat and tie), shoes and socks, bags and stationery		Improve school attendance and individual results for students. Improve the overall level of competence among the people of Mamuju district.

5.2.8 Conclusions CSR activities

When looking at the concrete CSR activities conducted by the different Norwegian companies, it becomes evident that the main portion of the efforts can be found within the (public) service sector. Many of the activities are contributions within a sector that normally would be provided by local government structures. Many of the projects are in line with traditional corporate social programmes conducted by companies in Indonesia for a long time (Rosser and Edwin 2010), being both expected and appreciated by local and national governments and local communities. Thus by conducting social investments in a location, the company live

up to the expectations incumbent on an agent in a local community. It can both be said to be playing a part of the reciprocity and building of trust, according to Putnam (2000) and Grimen (2009), and as an investment in a location, turning it into a "locale", as Agnew (2011) would describe it. Among some of the companies, there are substantial resource transfer taking place, with both competence, monetary and other forms of resources transferred from the company to the local communities, and in the case of Company B, there is also a substantial collection of information up front in order to know the local communities and their needs (profile reports), building tolerance and understanding through knowledge. Such investments are key to place making, turning an impersonal and unknown location into a place saturated by interests and meaning (ibid), or a field of care, as Tuan would define it (1977), and thus contributing to a corporate sense of place. It is safe to claim that in this respect, CSR activities create a grounding effect on companies.

In order to understand these activities and the motivation behind them, we need to look at the beneficiaries from the CSR projects and compare it to the stakeholder mix of the companies: who are the stakeholders, and why are they important to the companies, and how can they be said to influence on the company decisions around CSR activities?

5.3 Stakeholders and beneficiaries

Identification of stakeholders can be said to be a first encounter with the local communities surrounding the company activities. When talking to the management of Company B, the CSR activities at first seem to be purely out of concern for the local communities, and as such an altruistic exercise of good intent: *"It is only the local people and the local communities that are the target groups of our CSR work. Local government is not a target (...). Concerning stakeholders, we are looking for the ones that are the needy. In our area, these are children (education and health), local fisher and farmer communities and small-scale business" (Company B, 01.11.11).*

There is no reason to question the statement of Company B. But there is evidence of multiple objectives. The same company, represented by the person responsible for the CSR programs, later claims during our field trip that *"sub district head and local government give positive feedback on projects, and refers to our company as "best practice" in meeting with both the local communities and other stakeholders in the area"* (Company B, interview 11.12.11).

Following the argument of the company personnel implementing the CSR programs, one might assume that the CSR activities are important also as stakeholder management of this company, and that it serves another primary stakeholder: local government institutions.

Findings among other companies strengthen this assumption: *"We do CSR projects, and we like to see our name on the project. This is documented in our tenders, and that is very important. CSR is part of the tender selection of the government"* (Company A, interview 20.12.11). We shall in the following investigate if these motives and objectives are contradictory, or if it only is evidence of a multipurpose activity.

5.3.1 Beneficiaries

Within the majority of the CSR activities of Norwegian companies, it could be claimed that local communities are the primary beneficiaries. At least, we can establish that local communities make up the main bulk of the recipients of the resource transfer, either we are talking about money, competence, health facilities, school materials, entrepreneurial guidance, soft loans, or infrastructure improvements. The fact that this resource transfer takes place might be considered to be leading to a grounding effect of the company if we follow the thoughts of Tuan (1977), Agnew (2011), that investment, knowledge and interaction with a location increase the significance of place. However, in order to investigate if CSR could be said to have an even stronger impact on companies' sense of place[5] and corporate citizenship, we shall in the following look at the stakeholders of the companies and how these influence on the grounding of the companies.

5.3.2 Stakeholders identified

All Norwegian companies in the sample, claim to have conducted stakeholder mapping up front of their establishment in Indonesia. This is in line with findings in management literature, where in recent years, stakeholder management has become a vital part of business management (Borglund et al 2009, Clarkson 1998, Donaldson & Preston 1995; Freeman 1994; Nygaard & Bengtsson 2002; Garriga & Mele 2004, Carroll 1995, Carroll 2011).

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[5] Although Tuan (1977) talks about individuals, I have argued (see chapter 2.1.2.2 Place versus Space, and chapter 3.2 Research Methods) that companies, being both regarded as social agents in local communities, and being represented by individual managers, could be ascribed with a sense of place.

Contrary to most stakeholder literature however, there seems to be a more or less common understanding among the Norwegian companies who constitute a company's stakeholders (see for instance Waxenberger and Spence, 2003, Hall and Vredenburg 2005). One can assume that years of stakeholder management focus has resulted in a more or less common understanding among business managers in regards to which actors are included in the stakeholder make up of a company. However, the answers given in the survey might have been informed by the closed categories, although the amount of "others" is relatively low, comprising primarily of "local communities" (three companies are listing local communities as stakeholder, but only one company has local communities as primary stakeholder).

Stakeholders identified
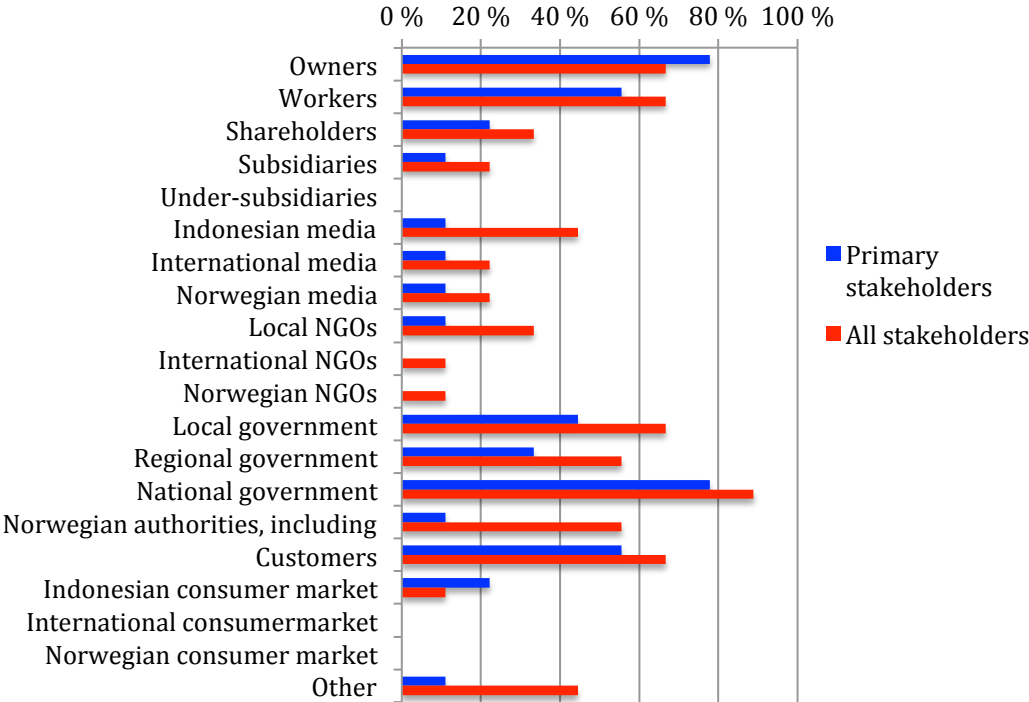
Figure 10: stakeholders identified (N=9)

The companies in my sample identify three main clusters of stakeholders: owners and workers (internal), government institutions and customers/clients (external). When asked to state primary stakeholders, national government, owners, workers, local governments and customers are prioritised. First and foremost this is true when we are talking of business involved in natural resources and government tenders (Companies A, B, E, F, G). Here,

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government tender processes and licencing policies constitute a huge part of day-to-day business activities.

To the supplier companies (companies A, E, F, G), the local clients in Indonesia are naturally being the dominant stakeholder, although their power might not as omnipotent as the state apparatus, as we shall discuss later. Here, stakeholder management is primarily revolving around networking activities and common charity events (see chapter 5.4.3 Clients and Customers) involving company employees and management, clients and cooperating partners on an annual basis.

Workers represent an important stakeholder primarily for the companies employing larger quantities of local labour (Company A, C, D and H). These companies far more often fall victim to the national and local disputes over minimum wages, fuel price hikes and other labour issues and welfare issues emerging on the political scene. As both Ong (2006) and Massey (1995) underlines, it is true that there is a clear spatial asymmetry between place-bound labour and polycentric global production network. But still, as these findings suggest, the place-bound nature of production and corresponding labour also constitutes a quite strong negotiating power in favour of the workers.

5.3.3 The missing stakeholders

It is equally interesting to look at the stakeholders more or less left out of the stakeholder identification process. I will deal with them rather thoroughly here as I will not return to these when looking at encounters and grounding processes in the later analysis.

NGOs, media, consumer markets and under-subsidiaries are almost totally absent from the companies' stakeholder analyses. From one angle, this seems strange, considering how CSR issues have been raised to the forefront of multinational business by these stakeholders in the latest decades (Rosser and Edwin 2010). Traditionally, NGOs have played a very important part in the CSR discourse (Garriga and Melé 2004). Concerning NGO's, some of the companies state that they try to avoid them altogether.

"They have a profit seeking motive, and serve as catalysts of generating problems. We do our (CSR) work primarily through local government" (Company G, interview 05.01.12).

This is contradicted by several of the NGOs I have interviewed, underscoring their efforts to facilitate tripartite dialogue forums based on internationally recognised models like Extractive Industries Transparency Initiative (EITI) and Publish What You Pay (PWYP). NGOs are to some extent trying to offer their services, like consultancies, and thereby one might consider them profit seeking. Company B is an exception. The company B stakeholder analysis states that there are two types of NGOs in the area of their operations:

In our operating area, non-governmental organizations (NGOs) flourish. So far, two different political orientations have emerged among the NGOs there: "developmentalist" or "center" ideologies and "left-leaning" ideologies. Of the first type of NGOs, the majority is willing to cooperate with government programs and companies in seeking solutions to development issues. Whereas, the latter mentioned NGOs refuse to negotiate with both the government and private companies in settling issues. Neither type of NGOs is independent in nature; all are sub-ordinates of and/or former activists of the nationwide University Students Association (Company B profile report West Sulawesi).

Another report made for Company B states that: *"NGOs are viewed as transparent and trustworthy"* (Company B, Stakeholder Analysis). This company has also utilised NGO competencies in order to develop Profile reports on their operating areas, and CSR programmes on the ground.

The relative absence of NGOs among the identified stakeholders of Norwegian companies could be a sign of limited knowledge and institutionalisation of stakeholder management and CSR issues among the companies' top management. Observations and interviews underscore the same assumption.

However, it could also be a consequence of the stakeholder make up of the Indonesian business environment, where NGOs occupy a relatively weak position, paired with a tendency among the Norwegian companies to prioritize contractual stakeholders (Pesqueux et al., 2005*)*. For the Norwegian companies in my sample involved in natural resources, the primary stakeholder is the national and local government institutions, and to a large extent, other non-contractual stakeholders are important just as far as the primary stakeholder advocate for their importance, as we shall see later. Based on the interviews, there is reason to believe that

NGOs are important neither to the companies nor to any of the primary stakeholders of Norwegian companies, and thus are left out of the stakeholder mix.

The absence of under-subsidiaries among the identified stakeholders might equally strengthen an assumption of a lack of experience and knowledge of CSR issues and strategies among the Norwegian companies. Most of the last twenty years of confrontations towards corporations have been issued by NGOs, and revolved around issues of value chains, under-subsidiaries and out-sourcing (Rosser and Edwin 2011, Garriga and Melé 2009), and thus, one would assume that stakeholder management by necessity would include subcontractors and out-sourcing further down the business chain. Such is not the case with all the Norwegian companies in this sample save one, Company C, that in one instance is trying to impose their own regulations of HSE standards on a subcontractor (Company C, interview 25.01.12).

5.3.4 Conclusions stakeholders and benefactors

There is a bias towards a legal interpretation of the stakeholder definition among the Norwegian companies operating in Indonesia. As we have seen, a legal interpretation rests upon rights and contracts: stakeholders have claims; firms have (contractual and legal) obligations and duties (Pesqueux et al., 2005).

It could be argued that already by the efforts of identifying stakeholders, the Norwegian companies start the process of grounding their future activities by initiating the identification of the new territory not only as location, but also as locale – a distinct place with social actors and interactions that have to be taken into account (Agnew, 2011). The involvement of company B in stakeholder analysis and management clearly develops a relation based on trust and deeper understanding of the local community, facilitating company achievements, according to company statements. This is supported by Grimen (2009) and his assumption that trust shape an action space that makes it possible for those who show or give trust to carry out actions that would have been impossible without trust (see also chapter 5.4.1 Government institutions). Stakeholder identification and analysis can therefore be said to be a process of transforming locations into locales and ultimately creating a corporate sense of place, thus serving as an attachment strategy. We can assume that stakeholder identification and analysis are the building blocks of two of the defining features of local communities, proposed by Grimen (ibid), namely trust, and tolerance (Waltzer, 1997).

The absence of traditionally important stakeholders like NGOs, subcontractors and media might indicate lack of professionalism concerning CSR. It can also indicate a weak position of especially NGOs in Indonesia, treated more as an annoyance than a threat. It may also be seen as a reservation towards letting in and recognising the total magnitude of the new territory, serving as a detachment strategy, as we shall return to.

In the following, we shall look at encounters between the companies and its most important stakeholders, in order to see if we can unveil the motives and objectives of the CSR activities, and investigate further the attachment or detachment forces imposed by the stakeholders and corresponding strategies employed by the companies.

5.4 Encounters and motives for engagement

5.4.1 Government institutions

Norwegian companies encounter government institutions in a wide variety of ways while operating in Indonesia. First and foremost, they cross blades around formalities concerning establishment procedures and a proliferation of operational permits and regulations. Company B, as mentioned before, needs to comply with no less than 65 regulations in order to conduct explorations outside the coast of Sulawesi (Company B, profile report West Sulawesi).

One could easily say that dealing with these institutions are the first real encounter with the new territory. The relationship between stakeholders and company is by definition a relationship of influence and of power. To many companies, the relationship to these institutions is vital to their operations, and thus non-questionable. *"It is not easy to do business in Indonesia now. Before, President Suharto and his family were the only real stakeholders. Today, there are so many more stakeholders, and they are not easy to please. But you need their signature. Even the Ministry of Energy can't do as they please anymore. They can't order local government to do what they want (i.e. grant permission for exploration activities). They need to beg"* (PWYP interview, 17.02.12).

One of my informants, the Executive Director of Apindo, the Indonesian employers association, is indicating that the CSR law partly has an objective to please local government institutions based on the assumption that there has been a too extensive decentralisation of

power within the Indonesian state. This is in line with my findings among companies dealing with tenders and standard operational procedures. On the other hand, the CSR law is relatively unclear, and thus opens for local interpretations and varieties of implementation of the law: *"Provinces are so powerful. The Bupati (local district head) is not even listening to his Governor"* (regional head). *Maybe the process of (local) democracy went too fast and too far. Now we have to learn what democracy really is. The headache now is to how to reduce the local autonomy without creating unrest. Which regulation can they* (National Government) *use, and most important: how can you please them (*the local authorities)? *CSR plays a part here. Regional laws on CSR are developed as well: the company has to contribute to the building of public roads, schools etc. This all comes back to the CSR law* (Apindo interview 23.10.12).

The status of the government institutions both on local and national level as almost omnipotent stakeholders to many of the Norwegian companies gives them unlimited opportunities to dictate requirements like tender processes, operational procedures, local "licence to operate-fees," etc. The APINDO director is indicating that national government institutions might use the CSR law in order to please local authorities in a process of regaining control and authority over too independent local government structures.

5.4.1.1 Standard Operational Procedures

Government institutions are using the CSR law as a means of creating new policies and practices, and thus they could be said to have been implementing the law without a proper regulation (until only recently). The oil and gas sector provides us with a telling example. The national supervising and regulatory body BP Migas provide a "Standard Operation Procedure" (SOP) that clearly states the compulsory nature of CSR activities. Operating Procedure No. 017/PTK/III/2005 concerning *Emergency Crisis Notification, Community Development (CD) and Public Relation (PR) Guideline for the Public Shared Contracts (PSC)*, is one example. With this regulation, participants in PSCs should conduct a Community Development Program to engage with the social environment around its operations.

Community engagement (locally known as socialisation) is thereby a requirement. Consequently, it is also mandatory to prepare a Community Development Strategy (CDS) to

guide a company's approach ensuring that neighbouring communities benefit from opportunities associated with project implementation and activities. - *This procedure came as a direct consequence of the revised Investment law on CSR for extractive industries from 2007, and serves as a tool for how companies within the extractive industry are to handle issues of CSR and local development* (EITI interview 15.02.12). Two of the developers of the initial SOP regulation within BP Migas are or has been employed by Company B in this study, and one of them is a key informant in this thesis. The Standard Operating Procedure makes CSR records and strategies an integral part of tender selections and public reporting.

This is in line with Company B's attitude towards the centralised regulatory body of BP Migas: - *We were recently in a meeting with the Ministry of Energy and Mineral Resources, where (CSR) was the topic. BP Migas use us as an example. Our message is that we take responsibility, and we contribute to local development* (Company B interview 18.11.12).

It could be argued that the government institutions ensures that CSR and social community involvement moves towards a somewhat compulsory activity within the Indonesian business environment, especially among the extractive industries.

Equally, company B is underscoring the powerful position of the various government institutions and levels, stating its need of stakeholder engagement towards the different local and national authorities like this: *"We have to talk to everyone and speak the same story in order to create goodwill everywhere. It's going to take one to two years to develop a project. Unless the political conditions are good, we wont make it"* (Company B, interview 15.12.11).

We can conclude that the Government institutions, even without a supporting regulation of the CSR law until April 2012, through different operational bodies, manage to implement the 2007-revised Investment law on CSR, giving the Norwegian companies strong incentives to establish a closer relationship to local communities through CSR activities.

5.4.1.2 Fear of unrest

Some informants give indications to why CSR is important to government stakeholders, and why it seems to be a more or less coordinated focus on social contributions from companies to local communities. They all point to the fact that the local governments are very sensitive to

unrest, and claim that CSR deployed at the local level is a way of curbing social unrest. *"Local government bodies are very worried about community impact. Unrest is the last thing they want. There is a strong pressure that we conduct various levels of socialisation"* (Company F, interview 05.01.12).

However, not all companies are object to such coordinated pressure. Company F realises that their engagement is of a short-term character, and therefore, it stays away from deep interaction with the local community, save adherence to government requirements. Place-making and social investment and involvement has its price, and companies not feeling the need for this due to short-term engagements, try to avoid entering into encounters with local communities: *"We have no long term interest in the area (where we do our seismic operations). The key factor is compensation to the fishermen* (required by law) *for removing their equipment (during seismic mapping). We only do cash settlements on the spot. We have short tenures of one to three months, so we want to get out as soon as possible"* (Company F, interview 05.01.12).

I will return to the issue of "place making costs" and how companies both apply attachment strategies and detachment strategies related to place and local communities (see chapter 5.5.1 Companies and stakeholders – attachment and detachment).

5.4.1.3 Avoidance and fear of corruption

To other companies within industries and sectors more independent of government relations, the government institutions are more neglected or outright avoided: *"We have very little contact with the Indonesian authorities, and quite frankly we try to avoid them as much as possible. They are very difficult to meet. We use mediators, but there is too much volatility in the relation. Suddenly we are called to a meeting, but then everything goes quiet for months. If you manage to get a meeting, people start asking how much you paid to conduct the meeting"* (Company H, 18.11.11). This points to a more or less articulated fear of corruption when engaging with the Indonesian authorities among some, if not all of the companies. Still, the companies need to relate to this stakeholder.

"We have a full time local financial officer, and we use her for such things" (ibid).

The government institutions can be said to represent a strong stakeholder towards Norwegian companies with a positive effect on the relationship between company and community. However, the fear of corruption leads some of the companies to a) avoid encounters as much as possible and b) employ a local staff and mediators to handle government relations. The first move can be seen as a detachment strategy, whilst the latter could be seen as both an attachment strategy and a detachment strategy, inasmuch as the company by this move will engage on a more permanent basis with local workforce, but at the same time create some distance between the management and the stakeholder. Another company points to a similar strategy: *"Negotiating partners cannot be bothered to enter into any relationship that is not already established. That's why we hired a (local) lobbyist. Such contacts are valuable. Commissions and success fees are frequent, but no more than in other countries. We mainly stay away from this by providing services that the public departments need"* (Company E, interview 15.12.11).

The fear of corruption is a strong detachment motivation among the Norwegian companies, but Company B points to an interesting potential of CSR in regards to corruption curbing: *"One of the positive outcomes of our Company CSR Policy and our (CSR) efforts locally is the relieved pressure on facilitation fees and other corrupt practices from the local authorities"* (Company B, field conversation 12.12.11).

Another informant supports this notion: *"CSR and profiled high ethical standards might curb corruption, because having transparency and accountability are strong arguments in a company's response to official requests. Local offices tend to come to you with their burdens and ask for money, etc. I meet people on the local level who use that argument* (we already contribute to local development through CSR) *to local offices and government"* (PWYP Interview, 17.02.12). I will return to this topic towards the end (see chapter 6.1 Summing up)

5.4.1.4 Conclusions encounters and motives for engagement: government
Together, these findings give an ambiguous impression of the Indonesian government institutions as stakeholders for Norwegian companies. On the one hand, they serve as the primary, definitive stakeholders and stakekeepers (Mitchell et al, 1997) for companies primarily involved in natural resource management and exploitation, with strong impact on company attachment. The government institutions can be said to be a defining agent in the

grounding of company activities, and clearly demanding social responsibility and closer relationship with local communities within the operational areas of the companies through various regulations and procedures. Hence we see primary stakeholders pointing to a secondary stakeholder and demanding resource transfer by CSR activities to this secondary stakeholder. This is shown in the case of Company B, where primary stakeholders National Government, BP Migas and local government all more or less demand social engagement towards local communities (see figure 11)
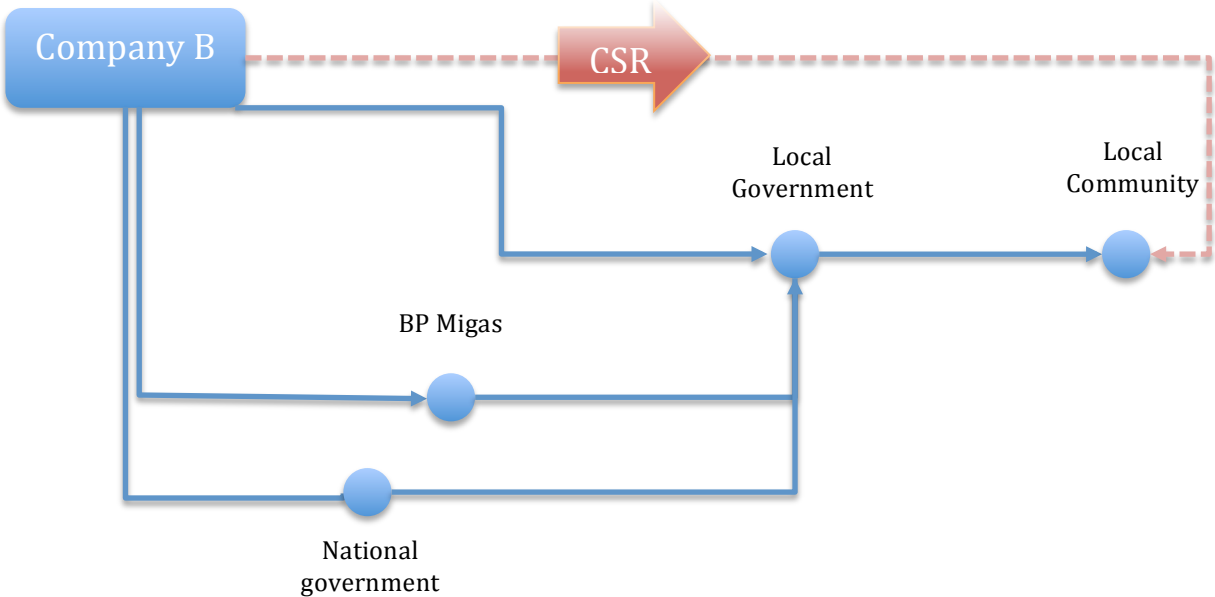
Figure 11: Company B Stakeholder management and CSR (own analysis)

Attachment forces applied by several governmental institutions and bodies serve as a tool to reach higher, common goals, like pleasing local authorities and avoiding unrest among local communities, and thereby benefiting all parties, along the theories of power as mobilising of resources (Allen 1997). The pooling of power and influence by the primary stakeholders of company B moves the company towards CSR activities in the local community. Although this mobilising may not be consciously coordinated, the pressure from the different regulatory bodies through Standard Operational Procedures (SOPs), tender processes, local bylaws and local expectations of social investments, together make up a mobilising of resources confronting the companies.

On the other hand, government institutions constitute a basis or motivation for detachment strategies carried out by some companies, which more or less avoid the government institutions as a caution procedure for companies involved in other sectors and industries. In the latter relation, the Indonesian authorities are treated more as a dormant stakeholder (Mitchell et al, 1997), almost like a hibernating bear nobody wants to wake up.

However, the companies avoiding the government institutions might find other reasons for choosing attachment or detachment strategies towards place, as we shall see as we now turn to workers and clients as stakeholders for Norwegian companies in Indonesia.

5.4.2 Workers

In October 2011, violent clashes came as a result of a prolonged strike at the international mining company Freeport's gold mine in Papua. The workers claimed salaries in accordance with Freeport workers in other countries (something akin to a true consequence of globalisation). Four were killed and four severely injured. These actions and demonstrations spread across the country during 2011 and 2012, and several regions experienced prolonged labour protests, hitting many industries hard. The workers' claims were initially related to the fact that workers for the same company in other countries earned a lot more than the workers of the Indonesian subsidiary. Stakeholder management towards workers seems to be motivated by an issue management approach (Carriga and Melé 2004):

"Our goal is always to work towards collaborative agreements for the improvement of workers. By us being proactive on having no contract workers and only full time employees with above average benefits and welfare treatment then we gain full cooperation from our people. This gives us some form of security against militant types of industrial action".
(Company C, email correspondence 03.10.12)

In many ways, the Indonesian economic story is a true offspring of globalisation. The mixed blessing of cheap labour has a central position in the Indonesian economic success story, and the huge numbers of unskilled and semiskilled workers all across the country are a constant target for political bailing by politicians looking for votes and influence. In the city of Bekasi, where Company C is situated, the Governor campaigned for a wage increase of 30 % as a part of his efforts to collect votes from the workers and their constituencies. The unions and local

villagers of the industrial zone of Company C and many other, blocked the entrance of the industrial estate and demanded wages rise in accordance with the Governor's proposal.

"The wage rise proposal (from the Governor) was announced last year, so we knew this was coming. We agreed to step-by-step move toward the new minimum wage for our employees. In addition, the other companies here outsource a lot of their workforce for flexibility reasons. Not us. We have moved them from part time outsource to permanent employment. We get more committed people that way. Today we pay above minimum wage, we support local schools and other social projects in the local community, and by this, we get the support of the local villages. There were no demonstrations at our plant. This is a fact. The villagers don't want to. For us, these protests have driven us to become proactive" (Company C, 25.01.12).

Here we also see an example of true issue management as a way of conducting CSR activities (Garriga and Mele, 2004). Not grounded in any strategy papers or policy-making, but as a sheer issue management to avoid uprising among the workers and more serious unrest in the local surrounding villages. The company considered the gap between what the organisation's relevant stakeholders expect its performance to be and the organisation's actual performance. The firm thereby perceived the gap and choose a response in order to close it (Ackerman and Bauer, 1976, ibid). It is also an evidence of a growing recognition of the negotiating strength of Indonesian workers, showing that a) the place-bound nature of labour and rooting in local communities also contains leverage towards international finance capital, and b) the internationalisation of labour relations give rise to new challenges for transnational companies (Ong 2006). That being said, the workers are still fighting over very low wages, even with the 30 % increase (RP 1.4 – 1.8 million/month equals less than NOK 1000/month, or NOK 45/day). It is well above the poverty line, but barely enough to cover living expenses in Bekasi.

It should be noted that what is actually taking place is a consequence of globalisation (shared knowledge of wage levels in other countries) leading to an increase in grounding tendencies for company C, that finds itself more or less forced to apply attachment strategies to counter potential protests.

5.4.2.1 Personal sentiments

Company C gives evidence of the fact that personal affiliations and sentiments of powerful managers also play an additional role in the everyday operations and attachment strategies that develop within a company (Dicken 2010*)*.

"It's important to me to contribute to the welfare of the community. Where I grew up (in one of the industrial areas of Scotland). Maggie (Thatcher) closed the mines, resulting in 20 % unemployment. My mother worked in a factory; my father was down in the mines working as a bricklayer. I am not a socialist, but I remember how it was not to have" (Company C, interview 25.01.12).

But the primary motivation for Company C, as for almost all other companies in my sample seems to be to please their most important stakeholder – in the case of Company C, the workers. Driven by sales, marketing and local production and logistics, Company C is totally dependent on a large number of local workers, from the factory floors to the warehouses and sales offices. Once a year, as a bonus program if the company reach certain goals, they take all employees out to travel.

"When I got here, I was sceptical at first (to the travel bonus program). But you should see the effect of the trip to Yogjakarta and the announced Thailand trip – my God, I didn't believe my eyes. Even my driver changed over night. Now he has to keep his job in order to get to go to Thailand. He is the only one in his village who has travelled overseas! Let alone gone by train to Yogjkakarta. This has a tremendous effect on their loyalty and efforts! It creates loyalty, commitment, hunger, desire, and adventurism" (Company C, interview 13.04.12)*.*

One might question this program's CSR content, but together with wage policies, private and family insurance programs and refurbish loans, the company's efforts towards its employees are far beyond the statutory and in line with my definition of CSR. *"We keep ahead of standard all the way in order to stay out of trouble" (ibid).*

The negotiating power, or cohesive power (French and Raven 1959) of the workers as a collective (threat of unrest and protests) is driving the process of Company C.

As in the case of government stakeholders, Company D also lets its primary stakeholder point to other secondary stakeholders as important benefactors from the company's social responsibility.

"We look after our assets. Any asset of course, but in this regard human assets. Our employees give us their time and knowledge. We have no plans to take money out of Indonesia. We are here for the skills. Now as we expand our operation, we will establish a foundation in order to channel our profits in Indonesia back to the local communities by building a school. Our employees highly support this and appreciate it. Education is everything to poor communities and countries that wish to develop" (Company D, interview 02.11.11).

Here, the main target group is said to be the employees, and it might seem to be an expectation among the workers that the company should do something with its profits to serve the local community. Similarly, Company C is conducting educational projects and community support for the surrounding villages. *"All our workers live and have their families in those villages. We are in a seamless relationship with those communities"* (Company C, interview 13.04.12). As with Company B, we see the primary stakeholder defining the standard of stakeholder management towards less privileged stakeholders, and thus becomes an attachment force towards the company, wanting it to become a social investor in the local communities that surrounds the company activities. The seamless relationship between the company and the local communities are a strong evidence of the operational location turning into a locale and even stronger – creating a corporate sense of place.

5.4.2.2 Distancing

However, there is an ambiguous relationship between the company and the communities. There are obviously some costs related to the place making that in some ways are difficult to take account for. Among all companies save a few in my sample, there are substantial negative sentiments towards local workforce competence, work ethics and attitudes. In his book Orientalism, Edward Said shows how deliberate ignorance maintains existing prejudices and limits identification and positive relationships with the other. "The principal dogmas of Orientalism exist in their purest form today in studies of the (Orient): (…) the absolute and systematic difference between the West, which is rational, developed, humane, superior, and

the Orient, which is aberrant, undeveloped, inferior (Said 2003). In our case, local communities adjacent to Norwegian companies' operational sites, and the local workforce contain primarily corresponding characteristics.

The interaction with local labour both externally and internally is relatively challenging: the language barriers are constantly standing in the way of good relationships, and there are references to the huge differences in ways of working between Norwegians / Westerners and "locals". *"They need to be herded, they crave a strong leader"* (Company C interview 13.04.12). In more informal conversations, references are made to laziness and incompetence, compared to Norwegian efficiency etc. This is a sensitive subject, and consequently, the ways in which I have been able to properly unveil these sentiments are limited. Suffice to say that I have encountered the attitudes so many times it far exceeds my expectations and my ability to record the data.

These sentiments resonate with Edward Said's notion of otherness and the Orient: "these people over there were not like "us" and didn't appreciate "our" values" (Said 2003:xvi). The way I interpret this phenomenon is that it can be said to constitute a form of detachment strategy among many of the companies in my sample in order to keep a distance between the company and the locations where they operate (see table 4). To avoid relating and learning about a location and its inhabitants will consequently point to a lack of interest and thus lack of investment in a place, qualifying as a detachment strategy.

An interesting exception is the one company employing highly educated and specialised Indonesian labour. Here, the notion is opposite the general attitude towards local workforce and competence: *"Indonesian students always triumph Norwegian counterparts in both competence and work ethics"* (Company D, interview 02.11.11).

5.4.2.3 Conclusions encounters and motives for engagement: workers
Workers are said to be the main victims of the globalised division of labour (Massey 1995, Ong 2006). The truth of this is not to be disputed here, but suffices to say that the negotiating power of a geographical situated labour force also remains quite strong when organised and informed. The Norwegian companies employing large numbers of local workers need to relate to the interests and needs of their workers in a way that can be said to be categorised

as an attachment force towards place-making. Globalisation processes and technologies provide shared knowledge of wage levels in other countries, and in my findings, this is leading to an increase in grounding effects for company C, that finds itself more or less forced to apply attachment strategies to counter potential protests. At the same time, the workers are pointing to a secondary stakeholder – the local communities – as an important beneficiary of CSR funds from the companies. Again we have witnessed a primary stakeholder (workers) pointing to secondary stakeholders (local communities) and "imposing" CSR activities onto the company. The companies counter such attachment forces by distancing themselves from domestic workers and employees through focusing on "cultural" differences between Norwegians (Westerners) and local workforce and complaints about attitudinal discrepancies and lack of competence.

5.4.3 Clients and customers

To the supplier companies, there is some evidence of the local clients in Indonesia being the dominant stakeholder, although their power might not as omnipotent as the state apparatus. Here, stakeholder management is primarily revolving around networking activities and common charity events involving company employees and management, clients and cooperating partners on an annual basis.

Social interaction between supplier companies and their major clients can be said to build trust between the company and its primary stakeholders, the clients. Trust plays a significant role in business conduct, because trust typically regulates social relations in which formal regulations, traditions or established social norms are lacking (Grimen 2009), or need reinforcing, one might add in this regard. According to Grimen (ibid) high levels of trust shape an action space that makes it possible for those who show or give trust to carry out actions that would have been impossible without trust (see also Putnam 2000). Here, prolonged agreements, new business proposals and enforced company-client-relationship may be the outcome of such activities. The grounding effects of the clients shall therefore be considered as present, but the strategic relevance of clients for all (supplier) companies also place clients as a vital stakeholder irrespectively of grounding forces.

5.4.3.1 Charity and networking

Company H presents its traditional CSR as charity work among employees and clients: networking activities like climbing and trekking, with participant fees going to different

charitable causes. Here we see CSR activities within a less compulsory stakeholder power play. Instead, these companies use CSR as creating networking and bonding opportunities with important clients in order to reach other goals.

Apart from *"sending a strong signal from the industry that supporting our seafarers is important"*(Company H corporate magazine 2011.), these charity activities helps build strong networks between Company H, suppliers, clients and employees. The charity events become arenas for gatherings of new and existing clients in an informal setting where new business deals are struck and possibilities explored. *"A total of 26 suppliers supported the event and behalf of our seafarers, we would like to thank all who made it possible. We specially want to thank our three major suppliers who supported the whole idea with a significant amount"* (ibid). Again, although not in a similarly strong way, management of primary stakeholders results in secondary stakeholders being beneficiaries, in this case, seafarers' NGOs.*"We want to be closer to our customers"* (Company H, interview 18.11.11).

In an even stronger way, Company A shows its stakeholder management towards clients in an extraordinary fashion. Company A do nearly all of its local community development work by a local NGO headed by the wife of the primary client of the company. The primary stakeholder, in this case a major client, is hereby indirectly influencing what kind of CSR programs that Company A carry out in the field. Again we see a build-up of comparative leverage through CSR activities, where a primary stakeholder, by unveiling its vital interests in a "conveniently placed NGO", contributes to local engagement and ultimately a stronger corporate sense of place and grounding of Company A.

5.4.3.2 Conclusion encounters and motives for engagement: clients
Naturally, clients and customers are vital stakeholders to Norwegian companies, and the grounding influence on the companies is evident, although not as explicit and strong as the influence imposed by workers and government institutions. The case of Company H and A reveals another version of the primary stakeholder (client) pointing to a secondary stakeholder (NGO / local community), but the latter is a somewhat questionable case.

5.5 Grounding forces and effects

Following Tuan (1977) and Agnew (2011), I have argued that social investments through CSR activities can be labelled grounding practices, turning a location into "place" and a "field of care". Further, following De Landa (2006), forces that impose CSR activities on the companies can be said to be territorialising forces, or attachment forces, both by the fact that they promote CSR activities as such, but also because the different stakeholder pressures towards CSR give the companies additional objectives for engaging more intimately with local communities. Then, not only social investment as such, but also the power play between companies and their stakeholders, and a more or less joint mobilising of resources by different Indonesian stakeholders contribute to and reinforce the grounding effects on Norwegian companies in Indonesia. Company B confirms this assumption:

We have had a long debate within the company: is CSR primarily public relations? Our answer has been clear: no. It is a responsibility we have as a company. This is based on Norwegian industrial history. Initially, local (social) investments were compulsory as a part of the oil and gas adventure in Norway. Today it is voluntary, but we are dependent on a good relationship with local communities, built on trust. I learned this in dealing with Lofoten and Vesterålen in Northern Norway. We (the company) are the visitors; the local businesses and communities are there for eternity. Co-existence is vital and we need a licence to operate (CEO Company B, interview 08.11.12).

Thus, the opening for stakeholders to define the content of a company's CSR portfolio is quite substantial. As De Landa points out, the stakeholders' abilities to perform place promotion, forms of representation (what is important to support) and naming (power to identify local needs) hold the assemblage of a particular place together (2006, in Cresswell 2011). By its statements, Company B is clearly seeks to be a part of such an assemblage. By more or less consciously mobilising and coordinating their resources and interests, the company stakeholders possess a quite strong influence on the company CSR profile and programs.

5.5.1 Companies and stakeholders: Attachment and detachment

Now I will turn to sum up the grounding effects of the stakeholder management conducted by the companies. Can we split the different influences imposed on the company into categories of attachment and detachment forces? And parallel: what kind of attachment and detachment

strategies are the companies employing to counter or support the influence of externally imposed forces? How does this amount to grounding effects (G), where G equals attachment forces and strategies (a) divided by detachment forces and strategies (d) as put up in the equation $G = a_1 + a_2 / d_1 + d_2$ (See Table 4, below). If we try to compartmentalise the different grounding influences on the companies into attachment and detachment forces, and then sum up the different forces for the companies, we might be able to say something about the total grounding effect (G). If $G > 1$, we are witnessing a positive grounding effect on the company. If $G < 1$, we can talk of a negative grounding effect.

As we have seen, the CSR law has been the trigger of several of the attachment forces and strategies that is put into work in and around Norwegian companies in Indonesia. Standard Operational Procedures and tenders both contain demands of CSR activities. In addition, Indonesian decentralisation contributes to an increase in government stakeholder management that opts for more social investments: *"local governments have been encouraged by the law to issue their own CSR legislation"* (Apindo interview 23.10.12). The following table tries to summarise the different forces and strategies touched upon in this chapter, split on the individual companies:

Table 4: Attachment and detachment forces

What	Company									Attachment / detachment
	A	B	C	D	E	F	G	H	I	
CSR law and regulation	x	x	(x)			(x)	(x)			**a**
CSR activities	x	x	x	x		x	x	x	x	**a**
Primary stakeholder pointing at beneficiaries	x	x	x	x		x		x		**a**
Absence of CSR strategies	x		x	x	x	x	x	x	x	**d**
Absent Stakeholders in analysis: NGOs, subcontractors, media	x		x	x	x	x	x	x	x	**d**
Lack of CSR presentation to primary stakeholders					x	x	x		x	**d**
Profile reports and CSR plans concerning operational areas		x								**a**
Lack of internal ownership to CSR activities and strategies	x			x	x	x	x	x	x	**d**
Local staff dealing with socialisation and CSR and government relations	x	x	x		x	x	x	x		**da**
Protests and labour unrest			x							**a**
Competence transfer	x	x	x		x			x		**a**
Recruiting within local communities	x	x	x	x				x		**a**
Long term involvement	x	x	x	x				x		**a**
Negative attitudes towards local workforce		x	x				x	x		**d**
Grounding effect (G) = a/d	**7/4**	**8/2**	**7/4**	**4/3**	**2/5**	**3/5**	**3/5**	**6/5**	**1/4**	
	1.75	**4**	**1.75**	**1,3**	**0.4**	**0.6**	**0.6**	**1.2**	**0.25**	

Here we can see that the CSR activities by themselves don't represent a defining quality of the grounding of a company. Almost all companies in my sample conduct CSR activities of some sort. Rather, we see how the quality of the CSR planning and implementation, the internal ownership of the CSR programs, and the stakeholder relations influence on a corporate sense of place (grounding effect).

If we combine the assumptions that place as an assemblage is maintained and developed through territorialising forces like investments and involvement (Agnew 2011, Tuan 1977), reciprocity (Putnam 2000), trust (Grimen 2009) and tolerance (Waltzer 1997), we can conclude that companies influenced by powerful primary stakeholders that point to local communities (stakeholder's stakeholder) as important beneficiaries of CSR projects, are more grounded in the local communities where they operate than the companies either not heavily involved with local stakeholders or applying stronger detachment strategies due to short term involvement in Indonesia.

The primary stakeholders persuade the companies to involve locally through social programs and projects. There are obvious positive consequences of this grounding, adding to the motivation of the companies: *We try to be present in the local communities as much as possible. We don't outsource this work" (CEO Company B, interview 08.11.12).* On the question on whether CSR ties the company closer to the local communities, the CEO of Company B answers a clear "*Yes. And it ties the local community closer to us. We build common trust and tolerance of each other's different roles and responsibilities. It is like with friends: you have to get to know them before you can do something together"(ibid)*.

6.0 Conclusions

Heading towards the end, we now return to the research questions of this thesis: *can CSR work as a catalyst for grounding Norwegian companies to local communities in Indonesia, and is the CSR law of Indonesia is part of a* "re-territorialisation" *tendency in an ever-globalising world?* The motivation behind the CSR law is said to be to create a harmonious relationship between companies and local communities in Indonesia. As the power play behind the law shows us, there is also a clear motivation to ensure resource transfer from private companies to local activities, be it geared towards NGOs or as substitute to local public services.

As I have argued in the previous empirical chapters, the motivation behind the CSR activities of Norwegian companies is more geared towards self-serving objectives: pleasing of primary stakeholders in order to safeguard present and future activities, progress and profits of the company. Not to say that companies claiming to have "the poor and needy" as the single target of their CSR activities are hiding their motives, but only to underscore that CSR activities serve multiple purposes, and that a focus on local communities is vital in order to please other primary stakeholders. How is this so?

CSR activities conducted by companies with primary stakeholder management towards *government bodies* underscore local communities as target groups, but the resource transfer is as much an answer to government requirements and regulations, and thus compulsory for many of the companies in my sample. Similarly, CSR programs by companies with stakeholder management towards *workers* are geared towards the local communities and the workers themselves, but is in reality dealing with expectations from local authorities, unions and workers, and CSR activities conducted by companies with *client-oriented* stakeholder management are to a lesser extent communicating local community support as targets, but at the same time serves the interests of primary client stakeholders.

I will argue that the recipients of the CSR resource transfers are not part of the true power play of stakeholders and firm (maybe with the exception of Company C workers). They are more or less passive bystanders, but anyhow essential to the grounding of the companies, because the stakeholders of the Norwegian companies share a common interest: the support and wellbeing of local communities (see figure 12 and 13 below).

"By the CSR programs, we are expecting that we will have a license to operate from the local community. To us, CSR is a social investment strategy" (Company B, interview 01.11.11).

It is therefore tempting to develop a revised stakeholder triangulation based on Fassin's (2008, see figure 3, p. 33), introducing the "Beneficiary" as a new category in the middle of the triangle, a more or less passive bystander not truly taking part in the power play of stakeholders, but all the same the beneficiary of the same power play, the centre of attention when companies are communicating about their CSR activities, and the trigger of company grounding and corporate sense of place – corporate citizenship.

In this way, the CSR activities and stakeholder management become truly networked concepts, where pooling of power and influence through more or less conscious networking between stakeholders becomes a resource for achieving diverse ends (Allen 1997, Amin and Thrift 1994). In order to maintain and nurture stakeholder networks of actors with extensive self-interests, there materialise certain groups of beneficiaries in the wake of the power play between the stakeholders and the companies (see figure 11). This phenomenon can be said to be something akin to a result of an assemblage (De Landa 2006) of more or less powerful agents in a location acting as grounding facilitators around the company. Government institutions, workers and clients all contribute to the grounding of the company into its operational area, and thus account for a (re)-territorialisation of international capital, here represented by Norwegian companies. This networked grounding influence can be visualised by a modification of Fassin's stakeholder triangulation, where the beneficiary being the common denominator of the company stakeholders:
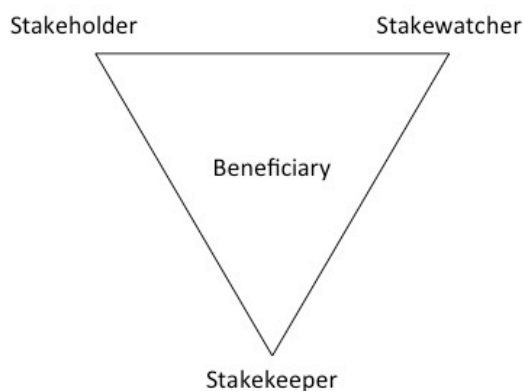

Figure 12: stakeholder triangulation (Modification based on Fassin 2008)

Here, the primary stakeholders of a company issue different kinds of claims of social investments in local communities. From the company side, CSR activities are geared towards the beneficiaries, but the real power play and motivation behind the activities is found revolving around the beneficiary, involving the most important stakeholders of the Norwegian companies. If we look at three examples from my sample, we can identify this phenomenon quite clear. For Company B, the primary stakeholders comprise of local government (stakeholder), upstream regulatory body BP Migas (Stakewatcher) and the national government (stakekeeper). All these three have different stakeholders, which they in their turn seek to manage in different ways. If we try to make a simplified model of this complex, we find that local communities as either their primary stakeholder, or their primary stakeholder's stakeholder:
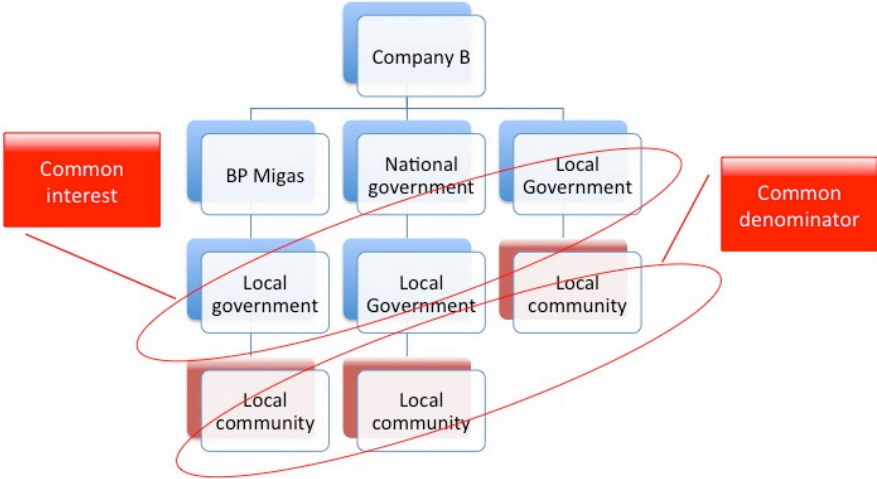

Figure 13: Common denominator and interest (own analysis)

In this way, we are able to assume why the local communities can be the recipients and beneficiaries of stakeholder management of the Norwegian companies despite not being a primary stakeholder. We might assume that the shortest way to the hearts of all primary stakeholders in this example is through the local communities (being the primary interest of local governments). Thus, the beneficiaries of the CSR activities of Company B are the local communities. They are not part of the primary stakeholder pool or take active part in the power play around the company; they are recipients due to the vested interests of other key stakeholders. The two other companies' stakeholder triangulations follow a similar pattern, though with a simpler stakeholder mix:
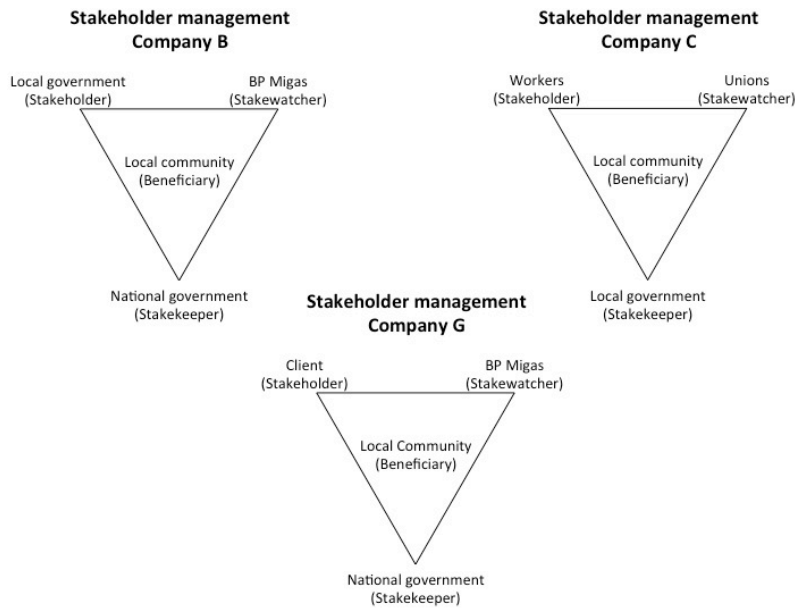
Figure 14: Stakeholder triangulation of three companies (own analysis)

For Company C, local communities are the common interest of all its primary stakeholders: workers, unions and local government. Likewise, for a subcontractor like Company G, local communities are a common interest for all primary stakeholders. The company needs to comply with claims of socialisation from its client, who in its turn is bound by its stakeholders to perform CSR as part of their tender in the area. Company G, by contrast, has only a short-term contract, so the level of grounding effect is low (G = 0,6).

6.1 Summing up

Amin and Thrift (1994:9) are insisting on seeing the local as a real territorial arena of social interaction composed of difference and conflict. The outset of this paper has been based on a similar assumption; in a globalised world, Norwegian companies are looking outside their comfort zone of domestic harbours and going global due to the favourable conditions or characteristics of the foreign territories. However, according to Florida (2011) the beneficiaries of globalisation are limited to a few truly globalised places and actors. The local communities and authorities do not therefore necessarily share the perception of the conditions in their own territories as favourable *for them*.

In establishing activities in a foreign territory, I have found that as a consequence, Norwegian companies are subject to a wide variety of attachment forces or territorialising forces (de Landa 2006) imposed by local stakeholders in order to ensure that the companies take part in local development and become proper citizens of the new territory. At the same time the

companies to some extent apply corresponding attachment strategies in order to learn to manage their new environment. However, in a globalised economy such attachment forces could be perceived as limiting the freedom of the companies, and thus the companies counter these local efforts by certain detachment strategies (see table 4, p. 112).

The interaction between the companies and their stakeholders can certainly be said to be a power play – an interaction based on difference and conflicting interests. I have argued that the struggle revolves around the conceptualisation of place: are the new territories perceived and treated as an impersonal and objective localisation, or as a locale or a sense of place (Agnew 2011), saturated with meaning and value both for people and companies? The notion of reciprocity can be said to play a vital part in this power play: "*There is a sentiment within the Indonesian society that the more powerful and resourceful you are, the more you are expected to contribute to the less fortunate*" (CEO Company C, interview 25.01.12). This sentiment surfaces in a multitude of varieties in everyday Indonesia, from higher facilitation fees for foreigners, to higher prices for services like taxis and public transport, to the price bargaining with street vendors. Private donations to local political figures based on the same sentiment have also been frequent throughout history, and one might claim that this lie as a foundation for the huge problem of corruption haunting the Indonesian state. In a state where social security is poor and the level of taxation is low, and other individual contributions to the society are few, this informal redistribution might flourish, with all the negative impact and random injustice that follow.

Some of my informants point towards a situation where CSR activities can be said to contribute to formalise the process of reciprocity and curb corruption by this formalisation. "*I would say that CSR curbs inquiries of bribes or other forms of corrupt practices. We can easily say that this is the way we do things. We don't bribe, but instead we want to create something that lasts*" (CEO Company B, interview 08.11.12).

What I have tried to investigate is whether this reciprocity actually leads to corporate citizenship – to a corporate sense of place. This is interesting, as we know that for instance some of my informants claim that in order to operate in Indonesia, you have to let Indonesian rules apply (company D, E, F, consultant K), implicating that you to some extent have to participate in more or less grey practices of facilitation fees and corruption. We can even call these forces towards corrupt practices "attachment forces" (*"this is how it works around*

here", company D), but at the same time as a source of detachment strategies *("we do not touch corruption"*, company E).

The problem with corruption is, other than the illegal nature of the phenomenon, the lack of trust that follows (*"its like ransom-money, the will milk you dry"* (Company E, interview 08.11.11)). CSR with its formalised structures are more likely to both ensure certain reciprocity and create trust between local communities and companies. With the presence of both reciprocity and trust, we can easily understand the before mentioned claim of company B that CSR is a social investment strategy. The build-up of social capital (Putnam 2000) through CSR contributes to company leverage within their operational territories, and the statements from local authorities on company B practices underscores the assumption that CSR activities contributes to corporate citizenship. *"Once, we were accused of oil spills along the coast of West Sulawesi. On short notice we could use our good relations in the area in order to get an overview of the situation and establish that we had nothing to do with this incident. It was a relatively old case involving a different company, and it was part of a bigger political case. In this case, we had a huge return on our social investment" (*CEO Company B interview 08.11.12).

Figure 15 tries to describe the two different approaches (corruption and CSR) to grounding as a consequence of the CSR law. The law results in a set of implementing practices (local expectations, Standard Operational Procedures, tender processes and sanctions), which in turn can be met by two different types of grounding (through corruption or CSR activities).
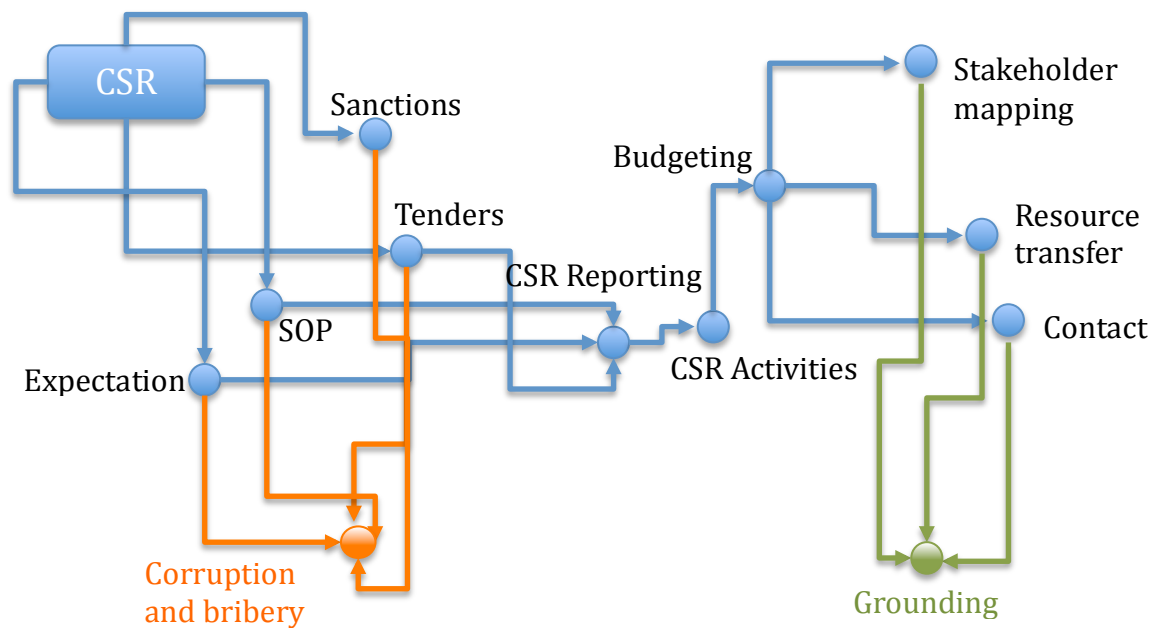
Figure 15: Different consequences of the CSR law, along two dimensions (own analysis)

We can claim that there seems to be a kind of consensus among Indonesian stakeholders that foreign companies, here represented by Norwegian companies, should be embedded in the local context through social contributions. The territorialising forces imposed on the companies are if not coordinated, then in effect reinforcing each other. Workers, business clients and government institutions on all levels have a common interest in developing and strengthening local communities. This points to the territorialising functions of place; the forms of representation that hold the assemblage of a particular place together (Cresswell 2011). The local communities are vital for the highly decentralised Indonesian reality.

Similarly, there are de-territorialising forces at play that erode, replace or dissipate elements in the place assemblage. The resistance to territorialising forces within the Norwegian companies I have found to be quite substantial: from poor CSR strategizing and lack of ownership to CSR activities, to negative sentiments towards local workforce and local culture. The result is a negative grounding effect on most of my sample companies. The reasons for this I have found to be a weaker involvement with strong stakeholders due to a more short-term engagement in Indonesia, or company activities more independent on stakeholder involvement. But I have also argued that place making has its price (limiting the action-space in regards to globalisation benefits), and that the companies employ detachment strategies in order to limit their grounding into a given location.

At the centre of the Indonesian more or less coordinated territorialising efforts we find the CSR law and its newly passed regulation. Of course, there are other national regulations supporting this territorialising tendency, as I have pointed to, but I have argued that the CSR law and the following CSR activities carry a potential of grounding the companies in a much more profound way than regulations related to taxation, licences and permits. At the same time, CSR practices answer to these attachment forces in a more regulated, transparent and sustainable way than do corrupt practices, which are so prevalent in the Indonesian society.

So, can Corporate Social Responsibility work as a catalyst for grounding foreign companies to local communities in an ever-globalising world? And is the CSR law of Indonesia part of a "re-territorialisation" tendency? Through their CSR activities the companies come closer to the local communities, although the detachment strategies they apply might stop them from really encountering the local realities of place. Where the stakeholder pressure is stronger than the detachment strategies applied, the companies are letting themselves be involved in the local community in a way that ties them closer to place. The nature of CSR in Indonesia is thus more of an imposed necessity rather than a voluntary action out of good intent. We might see the CSR law as a manifestation of a more formalised claim towards companies to be held social responsible beyond what is acquired by law. CSR in Indonesia is thus not only motivated from within the companies, but also generated from the stakeholders around the company, as territorialisation.

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Attachment I – Interview Guide

Introduction: I am looking at Norwegian and Scandinavian companies in Indonesia, and how strategic and tactical use of CSR and stakeholder management can have a positive impact on the establishment and running of business in this country.

Q1: From your perspective: what is CSR, and what does the term encompass when it comes to activities from a company perspective?

Q2: How active would you say that your company is when it comes to CSR activities?

Q3: How structuralised and how strategically embedded would you say that these CSR activities are?

Q4: Where would you say your company place their CSR activities when it comes to level of priority?

Q5: From your experience, what is the official attitude towards foreign companies in Indonesia in general, and how do the authorities and the public perceive the companies' CSR activities?

Q6: In your period in your company; can you remember how long it took from your company decided to invest in Indonesia, till they actually was present on the ground?

Q7: Did your company perform a stakeholder analysis or a risk analysis before entering Indonesian market? What were the results of the analysis? Could I get a copy of the stakeholder analysis? / risk analysis?

Q8: From your perspective: what are the main risk factors for your company in Indonesia?

Q9: Who are the primary stakeholders and secondary stakeholders to your company?

Q10: How are the relations with these stakeholders today and in the past? Do they participate in the strategy processes for the company?

Q11: Have there been any confrontations with or claims made by any of the stakeholders in the period your company has been engaged in Indonesia?

Q12: How would you describe the responsibilities that your company has towards its stakeholders?

Q13: Does your company engage in CSR activities towards any of her stakeholders?
If yes: Would it be possible for me to visit your programs and to talk to some of the stakeholders identified in the stakeholder analysis?

Q14: How valuable would you say that CSR programs are to business achievements in Indonesia? And what is the future of the CSR law from 2007?

Q15: How are extractive industries like your company relating to the 2007 CSR law?

Attachment II – Questionnaire for Norwegian companies in Indonesia

All answers will be anonymous, and it will not be possible to trace either you or your company without your consent.

Your position:

Company:

HISTORY OF ESTABLISHMENT

Q1: When did your company establish business in Indonesia?

A:

1. Before 1980
2. 1980 - 1998
3. After 1998

Q1b: What was your company's motivation for entering the Indonesian market?

Closed categories, including "Other" and elaboration:

A: mark, multiple answers possible:

1. Access to Indonesian / South East Asian consumer market
2. Access to cheap unskilled labour
3. Profitable regulatory framework
4. Access to (cheap) semi skilled / skilled labour
5. Other, elaborate:

Q2: How long did it take from board decision to implementation?

A: Closed categories, only one answer possible:

1. Less than one year
2. 1-3 years
3. 3-5 years
4. More than 5 years

Q3: Did you perform stakeholder and/or risk analysis prior to establishment?

Yes / No

RISKS

Q3a: If No, move to Q4

Q3b: If Yes, what risks where identified?

Closed categories, including "Other" and elaboration:

A: mark, multiple answers possible:

1. Corruption
2. Bureaucracy
3. POLITICAL Instability
4. ECONOMIC instability
5. Regulatory issues
6. Safety issues
7. Environmental issues
8. Workers rights issues
9. Competition issues
10. Other, elaborate:

STAKEHOLDERS

Q3c: Which stakeholders where identified?

Closed categories, including "Other" and elaboration:

A: mark, multiple answers possible: 1) Owners, 2) workers, 3) unions, 4) subsidiaries, 5) under-subsidiaries, 6) Indonesian media, 7) international media, 8) Norwegian media, 9) local NGOs, 10) International NGOs, 11) Norwegian NGOs, 12) local government, 13) regional government, 14) national government, 15) Norwegian authorities, including embassy, 16) customers, 17) Indonesian consumer market, 18) international consumer market, 19) Norwegian consumer market, 20) other, elaborate:

Introduction Q4- Q5:

It is a common exercise to divide stakeholders into primary and secondary stakeholders in order to rank the importance and the level of influence they have on the company's goal attainment. Among the stakeholders you have identified in Indonesia:

Q4: Which stakeholders would you define as primary to your company's business in Indonesia?

Closed categories, including "Other" and elaboration:

A: mark, multiple answers possible: 1) Owners, 2) workers, 3) shareholders, 4) subsidiaries, 5) under-subsidiaries, 6) Indonesian media, 7) international media, 8) Norwegian media, 9) local NGOs, 10) International NGOs, 11) Norwegian NGOs, 12) local government, 13) regional government, 14) national government, 15) Norwegian authorities, including embassy, 16) customers, 17) Indonesian consumer market, 18) international consumer market, 19) Norwegian consumer market, 20) other, elaborate:

Q5: Which stakeholders would you define as secondary to your company's business in Indonesia?

Closed categories, including "Other" and elaboration:

A: mark, multiple answers possible: 1) Owners, 2) workers, 3) shareholders, 4) subsidiaries, 5) under-subsidiaries, 6) Indonesian media, 7) international media, 8) Norwegian media, 9) local NGOs, 10) International NGOs, 11) Norwegian NGOs, 12) local government, 13) regional government, 14) national government, 15) Norwegian authorities, including embassy, 16) customers, 17) Indonesian consumer market, 18) international consumer market, 19) Norwegian consumer market, 20) other, elaborate:

Q6: How would you describe your relationship to these stakeholders?

Closed categories, including "Other" and elaboration on each of the stakeholders identified:

A: mark, multiple answers possible:

1. Informative
2. Dialogue-based
3. Regular meetings
4. Cooperating on common HSE projects
5. Economic cooperation
6. Contractual
7. Internal
8. External
9. Mutual trust
10. Mutual distrust
11. Other, elaborate:

Example:

Primary	Relation
Owners	Contractual, internal and external
Workers	Contractual, internal
Secondary	
Media	Regular meetings, mutual distrust, informative
Local NGO	Dialogue, cooperating on social projects

Q7: Do the company's stakeholders play a part in your strategy process?

A: Closed categories, only one answer possible:

1. Yes, by contribution
2. Yes, as consideration
3. No
4. Other, elaborate:

Q8: Have any of the company's stakeholders raised claims or demands towards the company?

A: Yes / No

If NO, move to Q9

If YES, which claims / demands?
(Closed categories, multiple answers possible)

1. Compensation for company impact (environment)
2. Social projects locally
3. Workers rights

4. HES-issues

5. Humanitarian aid / disaster relief

6. Bribery, illegal facilitation fees

7. Other: elaborate:

If YES, how did the company respond?

Open answer:

Q9: How will you describe the responsibility of the company towards its stakeholders?

A: Closed categories, only one answer possible

1. Extensive responsibility as a powerful agent and an important employer in the local community

2. Limited responsibility related directly to the impact of the company's activities

3. Our only responsibility is to our shareholders

4. None of the above

5. Other, elaborate:

Q10: Have your company engaged in CSR activities towards any of your stakeholders?

Yes / No

If no, move to Q11

If yes: what kind of CSR activities:

1. Rights promotion

2. Labour union facilitation

3. Environmental projects

4. Educational projects

5. Health projects

6. Other social projects

7. Other, elaborate:

Q11: In all, how will you describe the importance of your relations to the company's stakeholders?

A: 1-7, where 1 = very important, 7 = not important

Q12: How important would you say that ethics is for your company's activities in Indonesia?

A: 1-7, where 1=very important and 7= not important

Q13: How important would you say that a high level of trust between the company and its stakeholders is to your company's activities in Indonesia?

A: 1-7, where 1=very important and 7= not important

Q14: How would you describe the value of CSR activities related to doing business in Indonesia?

A: 1-7, where 1 = very valuable for your company and 7 = no value for your company

Q15: Did you consider CSR activities prior to entering the Indonesian market?

A: Yes / No