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# Theorizing MNE-NGO Conflicts in State-Capitalist Contexts: Insights from the Greenpeace, Gazprom and the Russian State Dispute in the Arctic

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## ABSTRACT

This paper theorizes development of MNE-NGO-state conflicts in state-capitalist contexts. We draw on longitudinal data from the Arctic oil drilling dispute between environmental NGOs headed by Greenpeace, and Gazprom, the Russian energy giant. We propose a theory that introduces two concepts: *shadow-boxing* and *homeostasis*. In *shadow-boxing*, escalation of visible action by NGOs is met with a seemingly separate but concerted response by the MNE and state bodies. In *homeostasis*, the contested corporate activity continues undisturbed after the escalated conflict. Beyond state capitalism, these concepts have explanatory power in settings where the corporations and the state are intertwined in various ways.

**Keywords:** MNE-NGO conflict, state capitalism, corporate social (ir)responsibility, the Arctic, institutional pressures.

# **Theorizing MNE-NGO Conflicts in State-Capitalist Contexts: Insights from the Greenpeace, Gazprom and the Russian State Dispute in the Arctic**

## **1. Introduction**

On September 18, 2013, two Greenpeace activists – the Finn Sini Saarela and the Swiss Marco Weber – climbed aboard a Gazprom drilling platform in the Arctic Ocean. Gazprom, the Russian state-owned energy giant, was accused of neglecting safety norms when pumping oil in the extremely vulnerable Arctic, where any accident would cause irreversible damage to the environment. After the activists scaled the platform, a Russian coast guard boat fired warning shots to force the Greenpeace [Dutch-flagged] icebreaker Arctic Sunrise to withdraw from the base of the platform. Its 30-member international crew was imprisoned under an allegation of piracy, which carries a sentence of up to 15 years. In the blink of an eye, a process that had started quietly some three years earlier due to concern voiced by the Russian Bird Conservation Union escalated into an international conflict pitting both Greenpeace and Gazprom, but also the Dutch and Russian governments against each other. The Russian environmental conflict turned into a global geopolitical saga followed by international media.

Our study addresses this conflict. As a result of global warming, the ice cover has shrunk to unprecedented levels and enabled drilling and exploration for potential reserves of oil and gas in areas where extraction was not previously feasible. The Arctic accounts for more than 10% of the world's undiscovered oil and up to 30% of its undiscovered natural gas (Gautier et al., 2009). Consequently both states and companies seek to exploit these resources in a manner that some commentators liken to an Arctic gold rush (Howard, 2009). These in turn have prompted environmental organizations to launch environmental protection campaigns directed toward

multinational companies intending to undertake oil exploration in the Arctic (Greenpeace, 2012). Also, the melting ice opens new Arctic passages and hence the region is becoming strategically more important to states and multinational enterprises (MNEs) as new opportunities for trade and ways to cut transportation costs emerge (Wilson, 2017).

Previous studies indicate that non-governmental organizations (NGOs) that serve societal interests through advocacy have played substantial roles in pushing behavior and policies of MNEs to foster environmental or social change (Boddewyn, 2016; Doh & Guay, 2004, 2006; Doh & Teegen, 2002; Hart & Milstein, 2003). However, this knowledge has been drawn primarily from developed country contexts or settings where developed home-country MNEs operate in emerging or developing host countries (Pisani, Kourula, Kolk & Meijer, 2017). Studying MNE-NGO conflicts that involve emerging market MNEs (EMNEs) helps develop a more nuanced management theory on MNE-NGO conflicts (Marquis & Qian, 2014, p. 141). Because EMNEs are internationalizing faster than ever before, there is an urgent need for advancement of theory on how they respond (or fail to respond) to sustainability pressures both in their home and host countries (Fiaschi, Giuliani & Nieri, 2017; Giuliani, Santangelo, & Wettstein, 2016).

Our phenomenon-based study (von Krogh, Rossi-Lamastra, & Haefliger, 2012; Doh, 2015) focuses on state-managed network capitalism (Puffer & McCarthy, 2007; hereinafter state capitalism) and state-controlled MNEs. We ask the following research question “*How does an MNE-NGO conflict over a serious transnational environmental issue evolve in a context of state-managed network capitalism?*” Our analysis is longitudinal, starting from the events in 2010 that preceded the incident in which Greenpeace activists climbed onto the Pirazlomnaya oil rig in 2013 and extending to the Hague tribunal, which on July 18, 2017 fined the Russian Federation 5.4 million euros for seizure of the Greenpeace ship. We have compiled a unique set of empirical data on this dispute regarding extraction of oil in the highly vulnerable Arctic environment.

We find that in systems of state capitalism, the dyadic MNE-NGO conflict framing typical of international business (IB) and management studies (Pisani et al., 2017; Teegen, Doh, & Vachani, 2004) is not accurate. Our findings suggest that the processes involved are in fact triadic. We theorize that such triadic conflicts develop through a process of *shadow-boxing*, in which ‘shadow’ refers to avoidance tactics adopted by the corporation and supported by obscure but powerful resistance maneuvers on the part of the state in response to ‘boxing,’ i.e. escalating action by the NGO. Eventually the process stabilizes in *homeostasis*, where the contested corporate activity continues undisturbed. In contrast to prior IB and management studies, which have emphasized convergence of MNE-NGO interests over time (e.g. Doh & Guay, 2004, 2006), our findings highlight increasing divergence. Rather than responding *to* state pressure as assumed in previous theorizing (Oliver, 1991), state-owned MNEs (SOMNEs<sup>1</sup>) can respond to normative stakeholder pressure *together with* the state. Our context-sensitive theorizing for SOMNEs (Aharoni, 2018) and the impacts of the Russian form of capitalism on the unfolding of stakeholder conflicts reveals how state-ownership may insulate MNEs from global institutional pressures, which may in turn feed corporate irresponsibility. Furthermore, our findings on shadow-boxing and homeostasis may not be limited to the state-capitalist political economies. They have potential explanatory power and theoretical implications for conflict processes involving civil societies and corporations and their outcomes in settings where the state and corporation(s) are inextricably interlinked.

## **2. Theoretical Positioning**

### *2.1 Dynamics of MNE–NGO Collaboration and Conflicts in Emerging Markets*

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<sup>1</sup> State-ownership may vary from full ownership by the government to majority, minority or golden shares with governments holding the right to veto (Cuervo-Cazurra, 2018).

The main thread in the literature on MNE–NGO interaction is that collaboration contributes to the legitimacy and performance of both MNEs and host country institutional development, for instance through raising environmental standards in emerging markets (London & Hart, 2004). In this context, studies have discussed how confrontation between MNEs and NGOs may develop into collaborative relationships and knowledge transfer (e.g. Child & Tsai, 2005; Oetzel & Doh, 2009) that lead to positive host country development. Alternatively, studies focusing on internationalization of EMNEs have depicted how the country of origin and related stereotypes such as low quality goods motivate EMNEs to collaborate with NGOs that monitor the social/environmental impact of MNEs (Marano, Tashman & Kostova, 2017).

Overall, the growing power of NGOs is reflected in scholarly calls to move from traditional two-sector negotiations (MNE–host government) to a three-sector (MNE–NGO–host government) bargaining model (Doh & Teegen, 2002; Teegen et al., 2004). Nevertheless, extant research does not fully capture nuances of conflict escalation processes between MNEs and NGOs (Kraemer, Whiteman & Banerjee, 2013). Although previous research acknowledges that the outcomes of activism do not depend solely on the efforts of the activists, only a few studies go beyond the dyadic relationship between NGOs and MNEs and acknowledge the role of states in conflict escalation (Skippari & Pajunen, 2010; Kraemer et al., 2013). These studies typically focus on conflicts involving Western MNEs in emerging markets (Richani, 2005; Skippari & Pajunen, 2010; Yakovleva & Vazquez-Brust, 2018) and often problematize the transfer of suspicious activities by MNEs to overseas affiliates with less stringent environmental regulation (‘pollution havens’). By focusing on emerging markets as hosts rather than home countries and by assuming that MNEs and states pursue divergent goals, existing studies do not fully capture conflict evolution processes in which states and (state-owned) MNEs liaise to protect strategic sectors of the economy.

## *2.2 State-Managed Network Capitalism*

Institutions reduce uncertainty in human exchange by defining ‘rules of the game’ that include both formal laws and statutes and informal cultural norms and codes of conduct (North, 1994). The former centrally planned economies gave rise to a distinctive institutional form that Boisot and Child (1996) labeled “network capitalism,” which works through implicit and fluid relationships rather than the rule of law. In such systems, informal social relationships and cultural norms substitute for weak formal institutions. In Russia, powerful intervention by the state in business activity has deep cultural roots going back to the tsarist and communist eras (Buck, 2003; McCarthy, Puffer & Naumov, 2000). The pervasive role of the state in all areas of the Russian economy has led to “state-managed network capitalism” within which the government exerts an influence through big corporations (Puffer and McCarthy, 2007, p. 4). SOMNEs that operate at “the intersection between political economy and international business” are an important vehicle for exerting this influence (Bass & Chakrabarty, 2014, p. 975) and provide political and economic security (Cuervo-Cazurra, Inkpen, Musacchio & Ramaswamy, 2014). Through SOMNEs states can retain a significant voice in important questions concerning strategic sectors of their economies (Balzer, 2005; Buchanan & Marques, 2018; Li & Ding, 2017).

The symbiosis between Russia’s SOMNEs and the state are reflected in strong patron-client relationships and a complicated entanglement of politics, politicians, and bureaucrats in economic decision-making (Bremmer, 2009). Relations between political and economic elites penetrate the social fabric (‘patrimonialism’) deeply and scholars often regard them as the defining feature of Russian capitalism (Becker & Vasileva, 2017). The powerful state inversely mirrors the weakness of Russian civil society (Rose, 1995). This systemic characteristic of state-capitalism (i.e. strong states and weak civil societies) provides SOMNEs with power and institutional leeway in responding to normative stakeholder pressures.

While helpful for understanding strategic response options of organizations for institutional pressures, Oliver (1991) suggests that organizations and field-level institutions (e.g. state norms concerning environmental rights) are detached. In other words, the state is viewed as separate from the organization — an assumption that may not hold true in political economies with strong state involvement in corporations. While different from one another, these have two common denominators; (1) deep entanglement of government and corporate organizations and (2) the absence of liberal market democracy with a functioning civil society. MNE-NGO conflicts in the context of strong state intervention offer an opportunity for enriching existing theories. This requires context-sensitive theorizing to account for their idiosyncrasies. With the above in mind for state capitalism and SOMNEs, we now turn to our empirical research setting and data.

### **3. Data and methods**

#### *3.1 Research setting*

The Russian economy depends on natural resources, in particular oil and gas. Russia also controls the world's largest combined land and sea area (Central Intelligence Agency, 2017). Thus, the country has a major impact on global ecological sustainability issues (Whiteman, Hope, & Wadhams, 2013). The Arctic Ocean covers three percent of the Earth's total surface area (Pidwirny, 2006). Due to its cold climate the Arctic is vulnerable; damage to it takes a long time to heal or is often irreversible (Borgerson, 2008). Moreover, the region is warming at twice the rate of the rest of the planet (NOAA, 2018). From the IB perspective the Arctic is a battlefield. Governance of the Arctic Ocean varies from none to some and encompasses five coastal regions of the United States, Canada, Norway, Russia and Denmark. Figure 1 shows the site of the conflict on a map of the Arctic Ocean.

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Insert Figure 1 about here

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The SOMNE Gazprom, four NGOs, and two Russian governmental entities are the focal organizations. Gazprom, a state-controlled joint stock corporation, is the world's sixth largest oil and gas corporation. With subsidiaries in over 30 countries, Gazprom operates and carries out studies and exploratory drilling across the globe – in Africa, Asia, Latin America and the Middle East (Gazprom Annual Report, 2017). Although the focal case involves three Gazprom subsidiaries, we report on Gazprom as a single entity because the relationship between the subsidiaries does not affect the analysis. The Russian Bird Conservation Union (RBCU) is a national NGO aiming to protect birds by non-confrontational means. Bellona is an international environmental union headquartered in Norway whose focus includes nuclear and radiation safety, protection of environmental rights, and climate change. It has a branch in Murmansk, Russia – where construction of the focal oil rig Prirazlomnaya was completed. WWF (World Wildlife Fund) and Greenpeace are also international NGOs. WWF, like Bellona, is non-confrontational and works within existing institutions to effect change, while Greenpeace works in a confrontational style (Bertels et al., 2014). Two government bodies, the Federal Service for Supervision of Natural Resource Usage (Rosprirodnadzor) and the Russian Geographical Society, were influential in the conflict. Close patron-client ties between Gazprom and the Russian state were apparent when Russia's former Prime Minister Viktor Zubkov became Chairman of Gazprom and former Chairman Dmitry Medvedev became Russia's President in 2008. Government representatives also sit on the Gazprom board.

### *3.2 Methods*

In line with a commitment to phenomenon-based research (Doh, 2015; von Krogh et al., 2012), our choices of methods (and theory) are based on the phenomenon at hand. We adopt an interpretative, processual approach with the goal of achieving a thick description of how the conflict between the parties escalated (Langley, 1999; Langley, Smallman, Tsoukas, & Van de Ven, 2013).

### *3.3 Data Collection*

We follow a narrative strategy involving construction of a detailed story from raw data (Langley, 1999). To capture the rich nuances of the MNE-NGO-government conflict narrative, we use multiple sources of evidence – face-to-face interviews and various types of archival data – from both sides of the conflict. Table 1 summarizes the key sources and uses of our data.

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Insert Table 1 about here

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The first author, a native Russian, collected the Russian archival material and conducted the interviews. She first collected diverse archival data (e.g. press releases by Gazprom and the NGOs, reports, commentaries). NGO press releases were identified via keywords – Prirazlomnaya (the name of the platform), Prirazlomnoe (the name of the oil field), or Gazprom. The NGO reports regarding Prirazlomnoe were mostly found via links in the press releases. She then searched for archival data originating from Gazprom through the websites of Gazprom and its relevant subsidiaries, starting with the launch of the Prirazlomnoe project. These data were then

supplemented with articles from Russian and IB publications, found by using the above-listed search terms.

Subsequently 24 in-depth interviews with Gazprom managers and NGO representatives were conducted by the first author in 2014. Her unusual access to the Gazprom leaders benefited from her affiliation with a leading Russian university; this provided the necessary goodwill. The names of the first potential respondents from the NGOs and Gazprom were identified from the above-listed press releases and news articles. This was followed by snowball sampling, which is particularly applicable for sensitive issues (Biernacki & Waldorf, 1981). The Gazprom respondents were more likely to consent to an interview if reference to a previous interviewee was mentioned in the contact letter. They responded with curiosity to the questions posed about the conflict – perhaps because such research is uncommon in Russia. Although she appeared with a tape recorder they regarded her as someone willing to talk and engage in more intimate discussion and not as a journalist (Michailova et al., 2014). All interviews were conducted in Russian and were recorded and transcribed before the analysis. Involvement of government officials was tracked through secondary data such as press releases and websites (see Table 1) and accounts of other interviewed parties. Government officials were not interviewed; only officials of very high rank could be identified and they would obviously not grant interviews on the controversial topic.

### *3.4 Data Analysis*

Our analysis comprises three main phases. It follows the sequence proposed by Langley (1999). In the first phase, with the Russian first author taking the lead, we compiled an event history to document who did or said what and when. The second phase involved temporal bracketing (Langley, 1999), where we identified the process stages for conflict escalation presented in Table 2. In our process analysis, we used methods developed within the grounded theory approach

(Strauss & Corbin, 1998) and by Gioia, Corley and Hamilton (2013). Accordingly, we first coded the interview and archival data with emic codes implied by the data to identify relevant themes in the process. For instance the code “Confrontation” refers to a set of NGO activities, “Silence” captures one type of response from the authorities, and “Promise to respond” refers to a type of response by Gazprom to the NGO requests. Following Gioia et al. (2013) we call these first-order codes (see Figure 2).

The third stage comprised an analysis of the generative mechanisms (Langley, 1999; Weick, 1989) driving the conflict. This involved abductive reasoning in a dialog between existing literature on MNE-NGO conflicts and our data; this revealed the incongruence between what we were seeing in our case and the literature on MNE-NGO conflicts (Alvesson & Kärreman, 2007). This phase involved a further round of coding where we grouped the first-order categories into broader, theoretically pertinent second-order categories (Table 2). For instance the second-order category “Nothing changes” emerged from a dialogical relationship or from friction between our observations of the focal data and the predominant view in the existing MNE-NGO literature, which mainly reports developments of varying importance in MNE practices resulting from NGO pressure.

Theorizing from empirical observations on intensifying pressure exerted by the NGOs and the seemingly unrelated but tandem (in)action and responses of Gazprom and multiple authorities in different phases of the process required a conceptual leap (Klag & Langley, 2013). We needed to go beyond the quotes to arrive at situationally and historically mediated interpretations (Van Maanen, 1979, p. 540) about what might have taken place backstage and what was not vocalized or acted upon. At this phase of theorizing, digging deeper into the literature on state-managed network capitalism helped us further explain how the state and strategically important corporations are diversely entangled while appearing separate at the surface. This entanglement was apparent in

appointments of the state leader's inner circle to top positions in strategically important corporations (Puffer & McCarthy, 2007; Lamberova & Sonin, 2018); it was especially useful for arriving at our second-order code "Shadow" and the aggregate code "Shadow-boxing."

As a result of our theorizing, we propose two new concepts: *shadow-boxing* and *homeostasis*. Figure 2 depicts how we arrived at the concepts and illustrates our data structure. It shows the coding scheme, which moves from first- and second-order codes to the aggregate codes for shadow-boxing and homeostasis. Appendix A presents exemplary quotes from interviews, the archival sources from which we developed these concepts, and the model of conflict escalation in the context of state capitalism.

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Insert Figure 2 about here

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We took a number of measures to assure the trustworthiness appropriate for a phenomenon-based interpretative study (Welch & Piekkari, 2017). The data were triangulated from multiple sources – interviews, Russian documents and international reports. The interviews are from the two main sides of the conflict and the Russian documentary evidence represents the views of all three parties to the conflict. This provided authentication and captured multiple voices. The first author did the original coding. The second and third author also participated in the coding analysis and interpretation of the key document data after the original coding round. In this process our multiple researcher roles helped increase the trustworthiness of our study. The first author's insider position in the local setting and her immersion in the context through data

collection provided the benefit of intimacy while the outsider position of the other two authors assured research independence and distancing (Langley et al., 2013).

During the analysis, the three authors had lengthy conversations to determine the linguistic, contextual, and cultural meaning of ambiguous accounts in the interview transcripts and documents (Xian, 2008). This increased the culturally sensitive understanding of the second and third authors, who, while having some research experience from the Russian context, are not native speakers of Russian. When necessary, the author team consulted a further colleague with both Russian and Western roots that could bridge the cultural differences and help us capture the full contextualized meanings of some expressions (Chidlow, Plakoyiannaki & Welch, 2014). The reflexive discussions and going back and forth between the primary data and literature helped us ground the emerging theory in the data and refine the analysis until we reached a full and rich understanding of MNE-NGO-state conflicts in state-capitalist contexts.

## **4. Findings**

### *4.1 Phases of the conflict*

Our analysis suggests three phases in the Arctic oil drilling conflict between NGOs, Gazprom, and the Russian State. We call them *Inquiry* (December 2010–August 2011), *Collective Investigation* (August 2011–August 2012), and *Confrontation* (August 2012–November 2013). The titles denote an essential characteristic of each phase. In *Inquiry*, one NGO makes a series of attempts to obtain information from Gazprom. *Collective Investigation* refers to a joint effort by a number of NGOs to investigate research on Gazprom’s oil spill preparedness and its history of environmental accidents, while *Confrontation* refers to the open attack by Greenpeace on Gazprom.

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Insert Table 2 about here

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#### 4.2 *Conflict escalation in a state-managed network capitalist context*

Scrutinizing the three phases made it possible to discern a pattern where visible and public action on the part of NGOs was met with promises to deliver information (Gazprom) and silence (the authorities). The evidence also pointed to seemingly unrelated but temporally parallel actions by Gazprom and a number of Russian state bodies that aimed to show that effective environmental safeguards for Arctic oil drilling in Russia were in place. This combination of visible contesting action by the NGOs and the facework (Goffman, 1967) type of response by the company and the authorities led us to coin the concept *shadow-boxing*. By *boxing*, we refer to the visible efforts of the NGOs to obtain information from Gazprom and to oppose its actions, while *shadow* denotes a set of responses that are only partially detectable by outsiders and occur behind the scenes, but nevertheless overpower the actions of the NGOs.

The process concept shadow-boxing is interlinked with another concept, *homeostasis*, coined to refer to the outcomes of the SOMNE-NGO conflict. Homeostasis implies that the contested practices and supportive structures remain unchanged despite the negative feedback processes resulting from the escalated NGO-SOMNE-state conflict. Next, we will discuss the empirical grounding of both concepts.

##### 4.2.1 **Shadow-boxing: Contesting malfeasant practices of powerful yet silent entities**

**Boxing.** In December 2010, the RBCU got wind of Gazprom's plan to begin drilling at Pirazlomnaya, on the Arctic Ocean. For eight months, RBCU tried but failed to get the documentation from Gazprom for a public Environmental Impact Assessment (EIA). In August 2011, RBCU teamed up with three other environmental NGOs (WWF Russia, Greenpeace Russia,

and Bellona Russia), which, over the following year, kept requesting a meeting with representatives of Gazprom to obtain information about the company's oil spill response plan. These efforts were unsuccessful: *"It became obvious that all Gazprom's bureaucratic acrimony, which lasted for 4.5 months, was aimed at avoiding the provision of project documentation for the Public EIA. Given the serious fundamental shortcomings of the project, especially with regard to the risk of oil spills, this desire is understandable"* (RBCU website, Aug. 10, 2011).

When no response was forthcoming, the NGOs started a pressure campaign. The campaign included a report on Gazprom's environmental safety history (Knizhnikov & Rogozhin, 2012), an independent study pointing to the inadequacy of Gazprom's oil spill response capabilities and the ensuing risk of oil contamination in highly sensitive areas (Informatika Riska, 2012). A press release by WWF Russia (2012) was titled: *"Will 15 shovels, 15 buckets and 1 sledgehammer help to clean up an oil spill in the Arctic?"*, quoting Gazprom's Prirazlomnaya project documentation on the equipment needed for cleaning up an oil spill. This upset Gazprom's managers: *"There was a publication saying that we go into the Arctic with one shovel. It's just not fair. It was just pulled out from somewhere... The list of equipment was compiled..., a list of what should be, a list of shovels and whatever... For some reason, this was pulled out and the rest was left behind"* (respondent Gaz3<sup>2</sup>, Gazprom, 2014). Soon thereafter, the Swiss rating agency RepRisk (2012) gave Gazprom the worst rating of any BRIC company.

After several futile attempts to obtain information and initiate dialog, Greenpeace went into confrontation mode. Its activists boarded the Prirazlomnaya platform on August 24, 2012. In its official statement, Gazprom announced: *"Today, representatives of Greenpeace violated the 500-*

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<sup>2</sup> For interview quotes, the respondents' organizations are abbreviated as follows: Bellona = Bello, Gazprom = Gaz, Greenpeace = GreP, RBCU = Bird, WWF = Wild. The subsequent number refers to the interviewee.

*meter navigational safety zone of the Prirazlomnaya platform. They were invited to climb to the platform for a constructive dialog. However, they refused, saying ‘they will hang on the side of the platform’” (TASS, 2012). Greenpeace told a different story: “...the company never made such an invitation. In fact, Gazprom never contacted Greenpeace during the entire campaign” (Greenpeace Russia, 2012). The NGOs asked for a meeting with Gazprom again and this time the company agreed. At the meeting, Gazprom agreed that the oil spill modeling findings were significant, but diverted the discussion to other topics: “...when we [environmentalists] asked the company [Gazprom] direct questions about how they will eliminate oil spills in the Arctic conditions, we did not get direct answers... We sat down to discuss the problems of Prirazlomnaya, but the conversation switched to Shtokman [another Gazprom’s project]. It can be called anything but not a dialog” (Bello2, 2013).*

On April 8, 2013 in Amsterdam, in the presence of Russian and Dutch government heads, Gazprom and Shell signed a memorandum of cooperation for exploration and development of the Arctic shelf of Russia. Greenpeace campaigned to break up this Arctic oil partnership. The core of this campaign was an English-language report titled “Russian roulette: International oil company risk in the Russian Arctic” (Greenpeace, 2013) that was released directly to the general assembly of Shell and sent to Shell shareholders. The campaign was successful, and the partnership was terminated after four months (April–July 2013).

**Shadow.** Gazprom repeatedly promised to provide information about its oil spill preparedness plans to the NGOs, but failed to deliver. The first inquiry by RBCU in 2010 resulted in a letter from Gazprom promising the information and a phone number for getting it. However, when RBCU called the number provided by Gazprom, it learned that the information for the public EIA could not be provided. When RBCU asked again, Gazprom refused, contending that the information in question involved trade secrets. In its next attempt, RBCU appealed to the legislation

requiring Gazprom to provide the information. Gazprom's response letter to RBCU stated that the project documentation was available for reading during weekday working hours at the Moscow office and stated the following: *"Please note that in accordance with the safety requirements of Gazprom the requested documentation will be provided for study but not copying or photographing"* (RBCU, 2011), but the RBCU never got to see the documentation.

On September 6, 2011 Gazprom promised to ensure the transparency and availability of project documentation but did not act accordingly. When pressured, Gazprom called a meeting on November 15, 2011 to provide information about environmental solutions at Prirazlomnaya and invited the NGOs to attend. However, *"...upon arriving at the meeting, the representatives of RBCU, WWF, Greenpeace, and other public associations were surprised to discover that at the last moment Gazprom had withdrawn from the scheduled session"* (RBCU, 2013).

Goffman's (1967) concept of facework – doing whatever is consistent with counteracting events whose implications threaten face (the impression of the person among external audiences) – was useful in understanding how the company aimed at giving the impression that adequate environmental safeguards were in place for Arctic oil drilling despite accusations by the NGOs to the contrary. In early 2012 environmentalists and Gazprom representatives met each other at the Ministry for the Protection of the Environment and Natural Resources. Gazprom promised to ensure the availability of project documentation: *"... they [Gazprom] said 'yes, yes, we're closing the session here [at the Ministry for Protection of the Environment and Natural Resources] and afterwards we [Gazprom managers and the environmentalists] will go together to our office and we'll show you everything and comment.' We [the environmentalists] wait two hours. It turns out that managers had left the Ministry building from another exit"* (respondent Bird1, 2014). The company continued to refuse the Prirazlomnaya project documentation, including the oil spill

response plans. In a public interview on October 3, 2013, the CEO of Gazprom's Arctic operations explained the many refusals:

Interviewer: *Are you ready for dialog with organizations like Greenpeace?*

CEO: *If it is constructive, then yes.*

Interviewer: *What do you mean by "constructive dialog"?*

CEO: *When experts speak the same language and hear each other.*

The state bodies responded to the NGOs' requests with silence. *Rosprirodnadzor*, the Natural Resources' Authority, did not react to appeals from RBCU until a state EIA was conducted and it was too late to conduct a public assessment. According to Russian law, a public EIA cannot be carried out after a state EIA. In a later phase, Greenpeace Russia appealed to the Prosecutor General but received no response: "... *We made an appeal to the Prosecutor General's Office with a request to give a legal assessment. We received two letters about the forwarding of the appeal to another authority. The answer from the Office of the Public Prosecutor of the Russian Federation was also not received until now*" (RBCU, 2011) (More quotes in Appendix 1).

#### **4.2.2 Homeostasis**

Our analysis shows that from the perspective of the contested activity, Arctic oil drilling, practices, and structures remained unchanged.

##### ***Nothing changes***

At Gazprom, the demands of the NGOs were not easy to comprehend. The following illustrates Gazprom's negligence with respect to both the Arctic environment and the demands of the NGOs:

*“... Earlier everyone has spit on the environment, but now we should do something. So what should we be? Be responsible. To whom? To people? Yes. To society? Yes. But now to ecology as well! Oh dear me!”* (respondent Gaz1, Gazprom, 2014).

*“Organizations like Greenpeace, etc. are a crowd of semi-fanatical people who have some idea and they are fighting for it...I think that none of them have any relevant competence to help the company... Weird people”* (respondent Gaz2, Gazprom, 2014).

In October 2013, when the process had escalated to the conflict phase, the Civic Chamber invited all stakeholders to a round table discussion. The NGOs came to the discussion but Gazprom did not send representatives. Soon after, Gazprom organized an event called “Interaction with state bodies and public organizations—open dialog.” It was attended by representatives of the Ministry of the Environment and Natural Resources, the Federal Bureau of Supervision of Natural Resource Usage, the Russian Geographical Society, and other government bodies. No NGOs were invited.

Gazprom’s unpreparedness for safe Arctic oil drilling was evident in the case of Kolskaya, a drilling rig that capsized in 2011 and sank near the Russian island of Sakhalin (Soldatkin, 2013). Greenpeace drew attention to Gazprom for not reporting on this 53-fatality accident in its sustainability report: *“The decision to tow the platform in a winter storm was fatal. Gazprom did not take any responsibility or even mention it in its report for the year 2011”* (Greenpeace Russia, 2013b).

When, on Sept 18, 2013, Greenpeace activists climbed onto the Prirazlomnaya oil platform for the second time, Russian border guards fired warning shots. The activists were arrested and charged with piracy. A week later, at the International Arctic Forum in Salekhard, President Putin commented as follows: *“They [the activists] were trying to take over the platform. Our law enforcement agencies, our border guards did not know who was trying to hijack the platform under*

*the guise of Greenpeace, especially against the backdrop of the bloody events in Kenya<sup>3</sup>*” (Kremlin, 2013). On December 25, 2013, Greenpeace activists were granted amnesty.

In 2014, Gazprom received the Public Eye Award, a name-and-shame award by the World Economic Forum for lack of corporate responsibility. Soon after, it received a Russian national ecology award for “The Best Environmental Project of Industrial Enterprises and Businesses.” In 2014, Gazprom reported its accomplishments for the Year of Ecology 2013: “*Within the Year of Ecology, public actions were held on greening the territories of municipalities in the regions where the Company is present. More than 3,000 seedlings of perennial bushes and trees were planted and more than 200 flowerbeds were made. More than 3 km of the coastline were cleaned up*” (Gazprom Neft, 2013, p. 87).

While Shell withdrew from Arctic oil drilling due to the risks involved and negative publicity in 2013, Gazprom continued to drill. In 2017, Gazprom announced production of the 4-millionth ton of Arctic oil on the Prirazlomnaya platform. The Hague Court ordered Russia to pay €5.4m for the confiscated Greenpeace ship Arctic Sunrise in July 2017. Two years later Russia agreed to pay €2.7m (The *Moscow Times*, 2019).

### ***Disarm the adversary***

While Gazprom’s Arctic oil drilling continued as before, contestations by NGOs were stopped in late 2013. In the fall of 2013, Greenpeace arranged protests in front of Gazprom’s offices in Moscow and St. Petersburg. The protesters were arrested by the police. A Gazprom respondent commented: “... *we came to work, we saw protesters with banners. The police broke up the demonstration, because in our country it is forbidden for more than two people to rally together*

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<sup>3</sup> Terrorists attacked the Westgate shopping mall in Nairobi, Kenya, in late 2013.

*[laughing]*”<sup>4</sup> (respondent Gaz1, Gazprom, 2014). In 2014, Bellona and several NGOs, which openly supported Greenpeace, were accused of engaging in political activity and were disbanded *ipso jure* under the Russian foreign agent legislation passed in 2012. This legislation stipulates that an NGO undertaking any action aimed to alter state policy or state decisions and/or to mobilize public opinion for that purpose is to be disbanded.

In March 2017, Dr. Laura Meller, a Finnish ecologist who coordinates the work of Greenpeace Nordic on Arctic issues, was prevented from attending a conference in Arkhangelsk titled “The Arctic: Territory of Dialogue.” “*The organizers did not provide any explanation; they just told me that my registration had been refused*” (Nilsen, 2017).

## 5. Discussion

Our analysis suggests that the ability of NGOs to induce change in contested corporate practice may be overstated in the existing literature (Doh & Guay, 2006; Pisani et al., 2017; de Bakker & den Hond, 2007; Holzer, 2008; Yakovleva & Vazquez–Brust, 2018), while the likelihood that contested practices will remain in place even after MNE-NGO conflicts may be understated (Daudigeos, Roulet, & Valiorgue, 2018). This article sheds light on a blind spot in the literature on conflicts between emerging market SOMNEs and NGOs in state-capitalist contexts, but may also have wider theoretical implications. Our analysis of the Arctic oil drilling conflict in Russia is in stark contrast to the dominant literature concerning MNE-NGO conflicts. Our findings shed new light on the processes and conditions under which stakeholder activism produces either trivial changes in the practices of MNEs or no changes at all. On the basis of these findings, we offer three

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<sup>4</sup> The respondent refers to the amendment 65-FZ made in June 2012 to Russian federal law on assemblies, meetings, demonstrations, marches and picketing, restricting the rights of the citizens to gather in public spaces (Dobrokhoto, 2012).

main contributions at the intersection of institutional theory and literature on MNE-NGO interaction: (1) an empirically grounded model for theorizing MNE-NGO conflict escalation in state-capitalist contexts, (2) two new concepts for understanding the process and outcome of such conflicts in settings where corporation(s) and state are intertwined, and (3) explication of the role of the state in this context. We first discuss the model (Fig. 3) and then the other two contributions.

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Insert Figure 3 about here

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At first, a contested business practice triggers the agency of one NGO. If the NGO is not content with the reaction of the corporation, it appeals to state bodies. Next, multiple NGOs join, and react collectively to the insufficient state response by exerting pressure on the focal corporation and the conflict escalates. With regard to the first phases of the conflict escalation process, our findings complement previous theorization on pressure intensification (Daudigeos et al., 2018) by identifying a number of response tactics used by state-capitalist SOMNEs to avoid making the changes in practices demanded by the NGOs. These include unsubstantiated promises, intentional withholding of information, maneuvering to delay or mislead critical voices, and giving the impression of acting through “facework” (Goffman, 1967). These tactics, with which the SOMNE puts up a facade of acquiescence to disguise nonconformity, are clumsy and unconvincing manifestations of concealment tactics (Oliver, 1991).

In the second element in our model, the NGOs appeal to the authorities, who respond by supporting the position of the corporation. In the Russian state-capitalist system such support ranges from not responding to NGO inquiries to arranging ceremonial meetings for the NGOs and

the SOMNE behind closed doors. As pressure from the NGOs increases, so does active control and manipulation of their demands by the authorities. In Russia these include denial of access to meetings, imprisonment, and an outright ban on NGO activity. The dotted line in the model illustrates this mutually supportive relationship between the state and the SOMNE, manifested by the indirect influence of state bodies on the process. Over time, internationalization of the conflict ensued, resulting from direct action by international environmental activists coupled with significant interest on the part of international media. In the international arena, the actions and practices of the corporation and the state were condemned by the media and institutions such as the International Court of Justice.

The above dynamics give rise to our second contribution, the introduction of two new concepts, *shadow-boxing*, denoting the conflict escalation dynamics, and *homeostasis*, indicating the outcome of the conflict. These notions help conceptualize SOMNE-NGO conflicts in state-capitalist contexts, but they may be also applicable for other settings where the state and the corporations are intertwined, and/or their central individuals are deeply connected. In *shadow-boxing*, the visible demands of NGOs, i.e. “boxing,” are met with a powerful but publicly unobservable response that remains “in the shadow.” There is no constructive dialog in this encounter, let alone substantive action to resolve the issue. By showing the escalating strategies of the triadic parties in the conflict, we provide a context-sensitive processual conceptualization of strategic responses to institutional processes (Oliver, 1991). Close connections between the state and its enterprises, together with a weak civil society, provide the resources and legitimacy that enable SOMNEs to disregard normative stakeholder demands. In our model, the strategic responses to institutional pressures are negotiated in patron-client relationships (between the state and its SOMNE) that exist ‘in the shadow.’ For SOMNEs, the state is therefore not a source of institutional pressure but of institutional power (cf. Oliver, 1991) that insulates and protects them from the local

and global institutional pressures. Therefore, while similar in spirit to Oliver's (1991) key argument that power allows organizations to contest norms, we point at state ownership as thus far neglected lever of corporate power<sup>5</sup>.

Our contribution for the institutional theory is a more nuanced understanding of how the systemic characteristics of state-capitalism provide state-owned enterprises with institutional power and leeway. While IB research has shown how the international operations of MNEs may profit from collaboration with home country authorities (Pinkse & Kolk, 2012), the dominating focus is placed on host country embeddedness and how it can produce strategic and institutional advantages (see e.g. Regnér & Edman, 2014). The model built in this paper is clearly distinct from these earlier accounts as it starts to unravel the puzzle of why and how home country embeddedness and the systemic environmental characteristics of MNEs may produce corporate irresponsibility.

Our analysis emphasizes that tangible outcomes of stakeholder activism in a state-capitalist context may be virtually non-existent. We call such outcomes of a conflict *homeostasis*, and define it as practices and structures that remain unchanged despite the escalated conflict. For purposes of theorization, this points to the co-produced nature of homeostasis, supporting the view that corporate irresponsibility is at times embedded in economic and social systems rather than in the individual features of corporations (Whiteman & Cooper, 2016). Both the focal corporation and the state showed negligence toward the activist-contested environmental risks and the corporation engaged in symbolic responsibility supported by the state with an award.

Critical for sealing the homeostasis were a set of state practices that we call disarming the adversary: passing new legislation obstructing forthcoming counteraction and a series of single actions essentially preventing adversaries from voicing critique. This introduces our third

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<sup>5</sup> We are indebted to an anonymous reviewer for this insight.

contribution, which explicates the role of the state in conflicts occurring in state-capitalist contexts and shows that conflicts over corporate practice likely turn into (SO)MNE-NGO-government disputes. This finding contradicts current theorizing in which the dominating narrative – with a few exceptions (Arenas, Sanchez, & Murphy, 2013; Zietsma & Winn, 2008) – is that of alignment by MNEs of their interests with those of NGOs to avoid costly conflicts such as loss of customers due to tarnished image (de Bakker & den Hond, 2007; Holzer, 2008).

We also extend IB and management studies of the conflict dynamics connected to governance problems (Kolk & Lenfant, 2010, 2012) to the context of state capitalism, where the entangled relationship between SOMNEs and the state, reliance on networks and cognitive institutions (Puffer & McCarthy, 2007) lead to active behind-the-scenes interaction between SOMNEs and governmental bodies. While we embrace contextuality, we suggest that our conceptual findings may be useful for understanding conflict escalation and outcomes in other settings with considerable state involvement in the economy and the absence of liberal market economy institutions in the local context, such as China<sup>6</sup> and Saudi-Arabia (Bo, Böhm, & Reynolds, 2018; Hui, 2017; Marquis & Qian, 2014; Paul et al. 2018). In these settings corporations and the power elites of the state tend to be deeply intertwined in various ways (e.g. through state or monarchy ownership and major holdings by government officials and politicians in business firms) (Reinecke & Donaghey, 2015; Zhang & Luo, 2013; Reed, 2018). The notions of shadow-boxing and homeostasis may furthermore have relevance beyond the above settings. They offer a language for processes where a combination of mutually supportive response activities on the part of corporate and governmental power holders suppress the activists' visible concerns, and the

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<sup>6</sup> The Chinese government has increased environmental investments and to an extent it incorporates citizens' environmental concerns. However, when an environmental concern is not acceptable to it, the Chinese government effectively suppresses stakeholder concerns (Strochlic, 2019).

contested corporate activity continues as before. A case in point is the current entanglement between the federal administration and the fossil fuel lobby in the United States (Dennis & Mufson, 2017).<sup>7</sup>

## **6. Conclusion**

As EMNEs continue to internationalize, they introduce their own national cultural features to world business, including those with implications for social responsibility and sustainability (Fiaschi et al., 2017). Our phenomenon-based study shows how the state may help keep a corporation's suspicious operations intact. This finding enables us to elaborate and refine some key assumptions about strategic responses to institutional pressures and the MNE-NGO conflict literature. The visibly concern for environmental safety in the highly vulnerable Arctic Ocean espoused by local and international civil society stakeholders was overridden by seemingly unrelated but concerted actions on the part of the intertwined corporation and the state. Our analysis offers a unique window on both detailed accounts of managerial reasoning in a state-capitalist corporation and the mechanisms with which a SOMNE and a state collectively suppress local and international societal concern over sustainability issues to protect their own perceived economic interests. For international business scholarship, this suggests an urgent need for additional effort to study both the corporate (ir)responsibility of EMNEs and conflict processes between civil society and SOMNEs. This is a critical factor in advancing a globally more inclusive theory and increasing transparency regarding suppressive practices.

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<sup>7</sup> For instance, several Attorney Generals in dozens of U.S. States have been linked to Big Oil and purportedly shut down investigations or agreed to corporate-friendly policies and settlements.

### *6.1 Boundary conditions and future research*

We acknowledge that there may be important idiosyncrasies in the Russian form of state capitalism. Hence we are aware that our study is not likely to cover all the paths along which conflicts evolve in state-capitalist or other emerging market contexts. Even BRIC countries, while characterized by patrimonialism and overwhelming state influence (Child & Tse, 2001), differ from each other in a number of respects (Aguilera & Haxhi, 2019). For instance, the bureaucratic embeddedness of Chinese SOMNEs in the Chinese government has led to strong pressure on these firms to embrace sustainability to improve the country's environmental image and related sociopolitical legitimacy and stability (Li & Lu, 2016; Marquis & Qian, 2014). Therefore, future research can build on our model of conflict escalation in other emerging market contexts and compare and contrast paths of conflict escalation and resolution. Indeed, as Aharoni (2018, p. 37) has argued: "Any attempt to base our theory [on SOMNEs] on certain immutable variables that are true in all cultures, all industries, and all regimes is doomed to failure." In addition, the SOMNES of the 21st century exemplify high diversity and much remains to be understood about their responses to institutional pressures (Cuervo-Cazurra et al., 2014; Musacchio, Lazzarini & Aguilera, 2015; Peng, Bruton, Stan & Huang, 2016). Hence interesting questions emerge: How are states involved in conflict-resolution processes? What forms do shadow-boxing and homeostasis take under different socio-political contexts, including the Western economies?

From a methodological standpoint, the phenomenon of shadow-boxing is difficult to study. We use the term to denote the actions of two parties in a conflict – a state and an MNE – that are difficult to grasp with evidence such as quotes. We made some progress in uncovering the subjects of shadow-boxing by using evidence, which, while difficult to trace, was readily available to a native Russian researcher who knew where to look. We welcome further methodological research

to develop techniques and tools that would help capture obscure and inaccessible structures producing shadow-boxing and homeostasis. We see potential, especially in studying how combined use of ethnographic and historical research methods may help extend our understanding of the business-society interface in not only state-capitalist contexts, but also other circumstances in which parties to a conflict are suppressed.

### *6.2. Implications for practice*

Our study provides some implications for both NGOs and MNEs operating in state capitalist countries. First, our findings showed that constructive dialogue between MNEs and NGOs is difficult when parties easily talk past each other in a setting that lacks common ground; this escalates contestations. Even skillful campaigns to arouse international attention are relatively unlikely to produce results – at least within short time-frames.

Second, we suggest that EMNEs in state-capitalist contexts will not necessarily encounter economic losses if they respond to criticism from NGOs. In fact, they could benefit from the competencies of NGOs and consider their perspectives in developing their own business practices. However, this would require major organizational cultural change in state-capitalist MNEs, because their present dominating interpretation of the goals, practices, and competencies of civil activists seems adversarial. Clearly, this equally requires states not to regard NGOs as threats to their hierarchal power (Ghauri, Hadjikhani, & Elg, 2012), but to be open to the option of mutually beneficial co-evolution.

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TABLE 1

## Description of data

Data types (dates)	Gazprom	NGOs	Government	Use in analysis
<b>Primary data:</b>				
A number of face-to-face semi-structured interviews lasting 60–120 minutes (2014)	12 (managers located in St. Petersburg and Moscow, addition, 3 interviews with environmental experts/consultants collaborating with Gazprom)	9 (leaders and members located in Moscow and Murmansk)		Personal insights into beliefs, motivations, and actions leading to the conflict and its escalation
<b>Archival data:</b>				
Press-releases (2010-2014)	36 (Gazprom websites)	74 (Greenpeace 33 Bellona 21 WWF 15 RBCU 5)	2 Website of Arctic Forum, Russian Geographical Society	Insights into formal statements of the positions of Gazprom, the Russian government, and the NGOs on the contested issues
Letters, statements, public interviews and speeches (2010-2014)	8 (e.g. response letters to RBCU and WWF, interviews with executive directors and chairmen)	6 (e.g. letters to Gazprom managers and the General Prosecutor of the	5 (e.g. Vladimir Putin's speech at the Arctic Forum, publications in "Oil&Gas	Insights into attempts to publicly justify actions or influence opinions

			Russian Federation, joint statements of Russian NGOs)	Vertical”, NTV’s movie)	
Reports and commentaries (2010-2014)	22	(e.g. sustainable development reports)	4	3	
			(e.g. modeling the behavior of possible oil spills, review of appeals by Greenpeace and other NGOs’)	Brochures about the Arctic Forum	More extensive and reflective analyses of the causes and escalation of the conflict

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**Table 2**

**The phases of conflict escalation**

Process phase	Request of NGOs	Gazprom's response	State bodies' response
<b>Inquiry:</b> RBCU requests information about Gazprom's oil drilling plan at Prirazlomnaya ( <i>Dec 2010-Aug 2011</i> )	RBCU repeatedly asks Gazprom for documentation to conduct a public EIA of the Prirazlomnaya project.  After not obtaining documentation, contacts the State Environmental Authority, <i>Rodprodnator</i> .	Gazprom promises to provide the documentation, but does not deliver.	<i>Rodprodnator</i> invites RBCU to a session where a State EIA is commissioned. RBCU is allowed to voice its concern about Gazprom's missing oil spill response plan, but is not given any documentation.
<b>Collective Investigation:</b> NGOs form a coalition to investigate and later pressure Gazprom. ( <i>Aug 2011 – Aug 2012</i> )	Four NGOs team up to request information about Prirazlomnaya's oil spill response plan.  Upon not receiving documentation WWF and Greenpeace Russia contract expert analysis about oil drilling at Prirazlomnaya. The analysis shows Gazprom's operations jeopardize environmental safety in the Arctic.	Gazprom keeps promising the information but does not provide it.	The Prosecutor General does not respond to the appeal from Greenpeace to verify the legitimacy of Gazprom activities regarding Arctic oil drilling at Prirazlomnaya.
<b>Confrontation:</b> NGOs take direct action against Gazprom. ( <i>Aug 2012 – Nov 2013</i> )	Greenpeace activists climb Gazprom's Prirazlomnaya oil rig twice during 2012 and 2013.	Gazprom privately agrees with the NGOs that their oil spill models are "significant," but refuses both to release the corporate oil spill response plan.  Gazprom announces 2013 as its Year of Ecology and declares compliance with ISO14001 Environmental Management Standard, but provides no evidence of the content.	President Putin comments on the climb-up, calling it hijacking.  Russia imprisons the Greenpeace activists and confiscates their vessel.

**FIGURE 1**

**The site of the conflict on a map of the Arctic Ocean**



**FIGURE 2**

**Coding scheme for data on the Gazprom-NGOs-State conflict** (selected quotes supporting the first-order codes appear in Appendix 1).

First-order codes	Second-order codes	Aggregate codes
Request for information (NGOs)	Boxing	Shadow-boxing
Confrontation (NGOs)		
Silence	Shadow	
Promise to respond		
Facework		
State at the background		
Symbolic responsibility	Nothing changes	Homeostasis
Negligence		
Prevent voice	Disarm the adversary	
New legislation		

### Model of MNE-NGO conflict escalation when state and corporation(s) are intertwined



## APPENDIX A

**Selected quotes supporting the first-order codes for the Gazprom-NGOs-State conflict** (the related second-order codes and aggregate codes appear in Figure 2).

First-order code	Example citation
Request for information	<p>“...WWF Russia appealed to Gazprom with a proposal for a meeting on development of the Arctic shelf. Gazprom refused” (Greenpeace Russia, 2013).</p> <p>“The state EIA [regarding Prirazlomnaya project] is confidential. It is impossible to get the text of the state EIA. ... Almost 100% of the state EIA gives a positive result. This is very suspicious.” (Greenpeace Russia, 2014).</p>
Confrontation	<p>“Reporting on environmental performance and safety practices at... Gazprom is incomplete” (Greenpeace, 2013, p. 20). “Who on Gazprom’s board of directors and management board has responsibility for offshore projects? What is the role of Gazprom’s ‘Administration for Offshore Projects Technology,’ about which there is very little public information, and where does it fit within Gazprom’s corporate structure and reporting lines? Will Gazprom’s environmental and health and safety reporting be improved to reflect international best practice?” (Greenpeace, 2013, p. 21).</p> <p>“... Gazprom refuses to conduct a dialogue with civil society organizations, preferring to ignore environmental risks. Peaceful non-violent action in these circumstances is the only remaining way to draw attention to the dangers of such an irresponsible approach to drilling in the harshest conditions on the planet” (Greenpeace Russia, 2014)</p>
Silence	<p>“On March 1, 2012 Greenpeace Russia sent a request to Gazprom to provide the text of the OSRP [Oil Spill Response Plan] for the ‘Prirazlomnaya’ project. The company refused to provide free access to the text of the document” (Greenpeace Russia, 2013, p. 2).</p> <p>“... the dialog must have at least a subject for discussion and the good will of the parties. After the spring of 2013, when Gazprom denied access by public organizations to the state EIA of project materials and oil spill response plan we believe the subject of discussion has disappeared. ... Without access to these materials dialog was and remains meaningless. We assume that this has largely triggered the incident in September 2013” (WWF Russia, 2013).</p> <p>“Executives of Gazprom Neft Shelf typically did not appear at conferences, despite the fact that their participation was announced in the programs for those events.” (Bird 1, 2014).</p>
Promise to respond	<p>“Now we justified serious environmental risks scientifically — at the commission of the environmentalists the leading scientists of the country carried out modeling of oil spills from the first mining Arctic platform Prirazlomnaya. Environmental risk assessment based on the results of this modeling showed their unacceptably high level. ... However, the company did not consider it necessary to change its behavior” (Tuzhikov, 2013/WWF).</p>

	<p><i>"... A week has passed since September 6, when the Head of the Engineering and Technology Development of Gazprom declared readiness to ensure the transparency of the Prirazlomnaya project. The promises of Gazprom remain words" (Bellona, 2011).</i></p>
Facework	<p><i>"On May 28, 2013, Gazprom responded to Greenpeace Russia that the company would not provide [the oil spill response plan] for the "Prirazlomnaya" project and that the [oil spill response plan] is presented in the form of an abstract on the company's website. The updated [oil spill response plan] does not mention 15 shovels, 1 sledgehammer and so on, but other project documents do" (Greenpeace Russia, 2013, p. 3).</i></p> <p><i>"Management and production processes in the company are organized to minimize the environmental impact. This fact is confirmed by the recent certification of Gazprom's environmental management system. The management system complies with the requirements of international standard ISO 14001: 2004 (Gazprom Neft, 2013a). Commented by NGOs as follows: "In the Russian context, there can be a corruption component. Therefore, to understand the use of this management system we need to look at the progress indicators, which are an important element of this certificate. ISO 14001 introduces a management system... But it also introduces a system of progress indicators. Without them it makes no sense. If [progress indicators] are available [from Gazprom] we might say something. ... A certificate alone is a step forward but it is not enough to say that there is a positive result" (Wild1, WWF Russia, 2014).</i></p> <p><i>"They [NGOs] called the Oil Spill Response Plan inadequate and the platform unsafe. All their statements say: 'it won't do, it's bad, it's wrong, all you do is wrong'" (Gazprom Neft Shelf, 2013).</i></p>
State at the background	<p><i>"The idea to develop the shelf arose in one of the five-year plans [pyatiletki] for the 80s. The Soviet Union sought to conquer the shelf. Well, the task smoothly passed on so to speak with the team that had solved these issues in Soviet times. That is, the task of developing the resources of the shelf was set by the Soviet Union... There are deposits on the shelf; we can extract oil and gas and this is beneficial" (Gaz4, Gazprom, 2014).</i></p> <p><i>"The use of such force against peaceful protesters is unacceptable and must be stopped immediately." It is obvious that oil companies have special protection from the Russian authorities, who are more interested in the silence of peaceful activists than in protecting the Arctic from irresponsible companies like Gazprom," (head of Greenpeace's Arctic campaign, BBC Russian Service, 2013).</i></p> <p><i>".. I fear that geographers will be used to justify development of natural resources in the ocean, against which ecological organizations act..., – said the member of the Legislative Assembly of St. Petersburg. – I would not like the Russian Geographical Society to be used to facilitate this development, which can seriously damage the environment" (Bello1, 2010).</i></p> <p><i>"Since 2009, the President of the Russian Geographical Society is the Minister of Emergency Situations Sergei Shoigu. Vladimir Putin heads the Board of Trustees" (Russian Geographical Society, 2015).</i></p>
Symbolic responsibility	<p><i>"When they [senior managers] are starting to fight for a large delicious project and try to create a good image of their company, they usually... take part in</i></p>

	<p><i>some kind of ... for example, support an orphanage, give money to a library, open a health center for the sparsely populated North” (Gaz5, Gazprom, 2014).</i></p> <p><i>“...in November 2012 the Russian Geographical Society with the support of the corporate association "Gazprom in the Kuban" ...awarded Gazprom for "The Best Environmental Project of Industrial Enterprises and Businesses” (Gazprom, 2014).</i></p> <p><i>“How does a large Russian oil company respond to claims of public environmental organizations? It plants trees around the perimeter.” (Bello3, 2014).</i></p>
Negligence	<p><i>“....Chief Engineer Panov tells us that the platform does not affect the environment. ... Panov shows us pictures of polar bears coming to the platform in winter and seals swimming nearby. "These are animals, they cannot be deceived. If the platform disturbed them, they would have not approached it," Panov replied” (Kommersant, 2014, interviewee name changed).</i></p> <p><i>“...When Gazprom invited journalists to the platform. Journalists were convinced that the platform is environmentally safe. It is clear that this is greenwash, because journalists aren't competent people for safety assessments. For whatever reason, Gazprom did not invite independent environmentalists even though we asked” (Wild2, WWF Russia, 2014).</i></p>
Prevent voice	<p><i>“I [international press secretary of Greenpeace] was forced to say that I ‘acted as part of an organized group that united in order to unlawfully attack the Prirazlomnaya platform for hooliganism, wanting to clearly oppose itself to others, under the guise of allegedly environmental activities.’ Now the case has been dismissed under an amnesty, and not because there was no criminal offense. Such a decision cannot be called fair. I am glad to be back home, but this is not the end of the story. The Arctic still needs to be protected” (Greenpeace, 2013a).</i></p> <p><i>“....NTV channel voiced false information discrediting both the organization itself and its employees and volunteers. A substantial part of this information was repeatedly denied, including in court. Since we do not understand who at NTV can stop the flow of lies and mud poured out onto our organization, we have to address this openly” (Greenpeace Russia, 2013a).</i></p>
New legislation	<p><i>“... Despite the fact that the year [2013] was officially recognized as the Year of Ecology in Russia, it did not become such a year from the perspective of recognizing the issue of environmental protection as a priority in state policy. One of the negative results of the year is the persecution of NGO activists and employees. It's not just about Greenpeace activists. Just a very short while ago, after the amnesty was announced, [name of the person], an activist of the Environmental Watch for the North Caucasus, received a 3-year sentence for his environmental activities” (Bellona, 2013a).</i></p>