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Corporate Awakening – Why (Some) Corporations Embrace Public–Private Partnerships

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ABSTRACT
Predominantly since the 1992 Rio Summit, corporations have been increasingly pursuing partnerships with public institutions including governments, international organizations and NGOs that aim to contribute to sustainable development activities. Partnerships have become more common as corporations react to mounting pressure from corporate stakeholders, civil society and government on the responsible nature of their business practices.

The corporate awakening towards a broader role of business in society and the trend of corporations embracing partnerships has led many to question the driving factors that motivate corporations to pursue partnerships. In this paper, the authors examine the underlying drivers of corporate organizational behaviour from the theoretical perspectives of both legitimacy and stakeholder needs, and discuss the challenges of gaining insight into why corporations embrace public–private partnerships. These theoretical perspectives are used to gain a deeper understanding of the corporate drivers that motivated TOTAL S.A. to approach UNESCO for cooperation on community development programmes in Myanmar. Copyright © 2005 John Wiley & Sons, Ltd and ERP Environment.

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Introduction

IT HAS BEEN PREDOMINANTLY SINCE THE 1992 WORLD SUMMIT FOR SUSTAINABLE DEVELOPMENT IN Rio de Janeiro that businesses have come together with international organizations, non-government organizations (NGOs) and the governments of nation-states to address current sustainable development issues (Murphy and Bendell, 1999; Schaltegger *et al.*, 2003). Many businesses

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and government representatives attended the Rio summit to defend their economic interests and corporate or government image. However, since then, many relationships have been forged and the business community has recognized the potential benefits of actively contributing to sustainable development initiatives, not least in developing countries.

By contributing to the relationships with technical expertise and financial resources, the companies leverage the experience, knowledge networks, know-how and legitimacy of being associated with the public sector. However, real and meaningful partnerships can only be established through development of social relations, through commitment and mutual trust and through establishing mutual understanding and consideration (see, e.g., Grabher, 1993; Kjaer *et al*., 2003; Schaltegger *et al*., 2003). These partnerships may then in turn be used by corporations as vehicles to strengthen their corporate images and positively impact their social and economic performance.

In this paper, we turn our focus towards the engagement in South East Asia (particularly in Myanmar) by TOTAL S.A., a world leader in the oil and gas industry, who in May 2003 approached the United Nations Educational, Scientific and Cultural Organization's (UNESCO) regional bureau in Bangkok to discuss a potential partnership between themselves and UNESCO. The co-operation was intended to focus on community development programmes in Myanmar (UNESCO, personal communication).

The company representatives were forthcoming in revealing that criticism against the company's presence in Myanmar had been widespread. Many international human rights groups felt that TOTAL S.A.'s investment in Myanmar was supporting the military regime and condoning the junta's extensive human rights violations. On the other hand, through TOTAL S.A.'s strict code of conduct, coupled with its desire to make a social contribution to the communities in which it was operating, the company had established a socio-economic programme (SEP) in the area. Furthermore, up until then, the company had successfully implemented numerous community programmes independently, without the cooperation of any NGOs or international organizations (UNESCO, personal communication).

However, faced with mounting scrutiny from international stakeholder groups, TOTAL S.A. had decided that by partnering with UNESCO they could expand their programmes beyond the pipeline corridor to reach impoverished people in other regions of the country and gain the credibility and transparency associated with a large international organization.

TOTAL S.A. representatives expressed their belief that both TOTAL S.A. and UNESCO could benefit from combining their community development experiences to create a successful framework that could be replicated throughout Myanmar and that TOTAL S.A. had financial resources to contribute to making it happen.

UNESCO was impressed with TOTAL S.A.'s proactive initiative to partner with them and enthusiastic to pursue this potential relationship, which would provide an opportunity to expand UNESCO programmes (UNESCO, personal communication). In the end, however, the partnership was never realized due to conflicts of interest (UNESCO, personal communication).

Through this case study, we discuss both theoretical and practical perspectives on why public–private partnerships (P3s) are pursued by an increasing number of corporations. We start out by establishing our understanding of P3s within the context of sustainable development, and from here move on to discussing theoretical perspectives of corporate behaviour, legitimacy and stakeholders. In the last parts of the paper, we present and discuss the TOTAL S.A. case in Myanmar, and finally draw a number of more general conclusions and lessons from the case study.

Public–Private Partnerships

A public–private partnership (P3) is a general term that can be applied to a number of different subjects. However, for the context of this paper, we focus on P3s from a sustainable development perspective. We will apply an understanding of such partnerships as being formed as a strategic alliance between two or more parties that have common objectives and are united in achieving their goals (UNDP, 2004), or as conceptualized by The Copenhagen Centre

> People and organisations from some combination of public, business and civil constituencies, who engage in voluntary, mutually beneficial, innovative relationships to address common societal aims through combining their resources and competencies (Nelson and Zadek, 2000, p. 14).

Each major stakeholder (government, non-governmental organization, international organization and private company) has its own reasons for joining or initiating a P3, and each brings different competencies and resources to the table. Overall, these are the following.

(i) *Governments*. National and local governments are willing parties, which see the opportunity of forming partnerships with other nations, organizations and the private sector as a vital process that will help them attain their development goals. From the Northern perspective, governments in all countries have the responsibility for ensuring that their citizens have access to basic services such as clean water, food, shelter and power. Many of the P3 projects now being implemented in developing countries are designed to aid in the provision of these exact basic services (BASD, 2004). There may be varying degrees of involvement by many different levels of government in a P3, but in general governments have a wide variety of resources that can contribute to the success of a partnership, including specific subject information and financial, structural and human capacity, as well as an element of legitimacy that is associated with its involvement in the partnership (UNDP, 2004).

(ii) *Non-governmental organizations (NGOs)*. The participation of NGOs in a partnership can provide expertise and general awareness on issues that are relevant to the common goals of the partnership. NGOs can help influence policy, be involved in monitoring the implementation of the project, help ensure transparency and promote community participation (BASD, 2004). An NGO may have many reasons for becoming involved in a P3. Their knowledge or experience may have been requested by one of the other members to help find ways around the potential roadblocks of a project; the NGO may prefer to be involved in the partnership from a distance as a technical advisor or trouble-shooter (InterEnvironment, 2004) or NGOs can simply act as watchdogs, which accept projects that are structured in socially and environmentally responsible ways, while rejecting and singling out partnerships that are purely exploitative and solely concerned with financial profit (Martinot and McDoom, 2000).

(iii) *International organizations (IOs)*. International organizations have played a fundamental role in developing the framework for P3s. From the early stages of the Rio Earth Summit in 1992 to the Johannesburg Summit in 2002 and beyond, the various development and environmental departments of the United Nations have been active participants in the negotiation and formation of a sound partnership mechanism that will address sustainable development (Cowan *et al.*, 2000). International organizations, such as the UN, can provide the needed specialists in development, environment, economic and social policy making that are vital to the building of a partnership framework. Like the role of NGOs, IOs can monitor the progress and measure the success of partnership projects from an independent and neutral position to help ensure that information from specific projects is accurate and unbiased (Murphy and Bendell, 1999). Another important part that IOs play is to act as the preferred medium in which states along with the private sector can come together to address global and overarching issues such as sustainable development. This medium both encourages and facilitates dialogue amongst all parties while being transparent to public interests.

(iv) *Private sector*. The involvement of business in P3s is multi-dimensional. The private sector provides technical knowledge, skill and experience in its specialized capacity (UN, 2004). Because the private sector is not publicly funded, the fundamental element of financial profit is crucial for business to be involved. This means the private sector may be attracted to invest both financially and technically in a partnership if there is a significant potential for return on investment compared to other available investment opportunities. By becoming part of a partnership that promotes sustainable development, companies have an opportunity to present a 'good global citizen' side to their operations and may be able to bolster their public image (Hooghiemstra, 2000; BSR, 2004). The potential financial windfall for presenting their product or service to new markets can also be very attractive to the expansion of the business.

It may be argued that growing business responsibility for the environmental, social and economical contexts they operate in is a response to the various forms of increasing pressures from NGOs, international organizations and governments (Murphy and Bendell, 1999; Lehmann *et al.*, 2005) As such, civil society may be assuming more and more power over how corporations behave, and the response by businesses may be to engage in partnerships to be able to minimize the risks that this presents.

Stakeholders, Legitimacy and Corporate Behaviour

Since the late 1970s, the structure of corporate power has changed progressively from the citizens and nation-states to the multinationals. As the business environment has become more competitive, retreating governments increasingly lack the political will and resources necessary to prioritize socially and environmentally sustainable development issues (O'Neill, 1999). The power of the nation-state has been superseded by powerful multinational corporations and civil society has had to defend its interests as this shift has unfolded (Brinkman and Brinkman, 2002). As civil society has begun to recognize that it cannot count on governments to protect its social and environmental rights, citizen groups are attempting to strengthen social movements to gain power. These civil society groups are attempting to influence corporate behaviour through consumer advocacy and by adjusting shareholder and employee expectations of corporations to align with their individual values. Changes in the nature of these corporate–stakeholder relationships are forcing management to adjust its strategies for dealing with its employees, owners, customers and suppliers. Furthermore, corporations must increasingly also listen to a broader set of demands from its shareholders.

Stakeholders

Introduced by Freeman in his 1984 work titled *Strategic Management: A Stakeholder Approach*, examining the relationship between the corporation, its external environment and its behaviour within this environment (Freeman, 1984), stakeholder theory was a reflection on Milton Friedman's economic model of the firm, where the firm's sole responsibility was to its shareholders. Although there were earlier works by other theorists such as Adam Smith (1937), Barnard (1938) and Eberstadt (1977) that identified other actors who influenced the corporation, Freeman was the first to fully elaborate on these relationships, developing a notion that corporations respond not to social issues but to stakeholder issues (Nasi *et al*., 1997).

A stakeholder is defined as 'any group or individual who can affect or is affected by the achievements of the company's objectives' (Freeman, 1984, p. 46).

Freeman developed this into a stakeholder grid consisting of stake (equity, market, influencers) and power (formal/voting, economic, political) (Freeman, 1984). Opposed to Freeman's rather rigid model, newer theory suggests that the dynamics between the corporation and various actors is based on complex linkages: a stakeholder network (Key, 1999) in which the various actors pursue dynamic relations with other actors, and the actors can be members of a number of groups simultaneously.

The basis for the corporation to manage these relationships is utilitarianism. In other words, as it is costly to identify and meet all stakeholders' different demands, the corporation must make trade-offs between its own goals and the goals of its stakeholders by identifying the type of effect that the stakeholder has on the firm and vice versa.

The 'stake' or 'interest' can be identified by examining the range of perceived stakes of multiple stakeholders. An equity stake implies that the stakeholder has an interest due to its ownership stake in the company, whereas the other end of the spectrum is the influencer stake, which implies a stakeholder interest in the company because it affects them or is affected by them in some way, even if not directly in a market sense. The market stake can be placed between equity and influencer on the continuum of the categorization of stakes.

Stakeholder power refers to the ability to use resources to make an event happen. Owners can expend resources through their voting power, by voting for directors or management or even 'voting' their shares in the marketplace in a takeover battle. Customers and suppliers can extend their resources by switching to another company, raising price or withholding supply. Governments can expend resources through political power by legislating new regulations, or bringing lawsuits to court.

These categories provide valuable principles for stakeholder analysis and allow for an understanding of the stake and power of various stakeholders and their influence on corporations for example to engage in P3s for sustainable development.

More recently, Mitchell *et al*. (1997) have suggested that stakeholders can also be evaluated and prioritized based on their power, urgency and legitimacy (Mitchell *et al*., 1997; Nasi *et al*., 1997; Key, 1999).

Legitimacy

Where stakeholder theory focuses primarily on the *actors* in the corporate environment, legitimacy theory focuses on the *process* of corporate–social engagement (Key, 1999). Legitimacy is a major driver for corporations to partner with international organizations or NGOs on sustainable development initiatives. Central to legitimacy theory is the concept of a social contract that implies that the survival of organizations is dependent on the extent to which they operate within the bounds of what society deems to be acceptable (Hooghiemstra, 2000; Key, 1999). If a corporation has lost legitimacy or wants to gain a higher degree of legitimacy with its stakeholders, there is much to be gained by partnering with an organization that holds a high degree of legitimacy with civil society, e.g. an international organization. Through affiliation, corporations can therefore gain, maintain or repair their legitimacy; or they can lose it in the case of affiliation with non-reputable organizations or governments.

From a corporate perspective, legitimacy is a measure of the adequacy of societal perceptions of corporate behaviour, often referred to as corporate image, as compared with societal expectations for corporate activity. A legitimacy problem arises when societal *expectations* for corporate behaviour differ from societal *perceptions* of corporate behaviour. Therefore, the two key factors that must be managed to maintain legitimacy are the societal expectation of the corporate behaviour and the societal perception of corporate image. A change in either factor creates a legitimacy gap and an ever-widening legitimacy gap will threaten the survival of the corporation.

Changes in Corporate Behaviour

Corporate organizational behaviour can be understood as a dynamic social process of human actors who interact and whose combined actions determine the behaviour of the corporation. Until civil society reacted to the shift of power towards the corporation, a corporation's sole aim was to seek profit in order to meet its responsibilities to its shareholders. Prior to the strengthening of social movements and consumer activism, corporations were relatively successful at managing the public's perception of the corporations' behaviour without making fundamental changes to the core business strategies. However, the recent string of corruption scandals in the US and Europe has further pressured business to take a more existential approach to corporate brand management (Maio, 2003). Since these scandals were uncovered, the interest of civil society and the demands of stakeholders has enlightened some corporate leaders to understand that they must 'walk the talk' by adopting a value-based leadership approach to corporate decision-making. This implies that corporations must rebuild trust between themselves and their stakeholders by delivering on their promises with actions. For example, many companies have adopted corporate governance frameworks and are reporting their environmental and social performance to the public.

Other changes in corporate behaviour that have emerged in recent years are the focus on a longer term strategic planning horizon more conducive to sustainable objectives, and increased stakeholder engagement aimed at demonstrating sensitivity to stakeholder needs and inspiring trust that will help build a positive corporate reputation or legitimacy (Pruzan, 2001).

Addressing stakeholders and legitimacy, the concept of corporate social responsibility (CSR) has moved from being a peripheral 'nice to have' to becoming a mainstream business issue that is often an integral part of many corporations' business strategies. The stakeholder pressures are driving changes in corporate decision-making, which is moving towards value-based leadership, long term strategic planning and stakeholder engagement. Thus, it is only over time that CSR has moved to the forefront of the corporate agenda and that corporations have little choice but to prioritize CSR activities in order to address stakeholder expectations.

From a business perspective, there is a growing shift towards embracing partnerships with international organizations and NGOs in order to boost corporate legitimacy. Partnership initiatives are seen as significant contributors to strengthening society's perception of the corporation. The case of TOTAL S.A. in Myanmar will be presented and discussed with an outset in this.

TOTAL S.A. in Myanmar: People Before Profits?

The TOTAL S.A. Group is the world's fourth-largest international oil and gas company with over 110 000 employees worldwide (TOTAL, 2004). Its operations cover the entire oil and gas chain, from exploration and production downstream to trading, shipping, refining and marketing.

TOTAL S.A. started exploratory investigations and a feasibility study into the potential opportunity to set up operations in Myanmar in July 1992. The plan involved building an oil pipeline that started offshore in the Andaman Sea and crossed Myanmar into Thailand, where 85% was to be sold to the Petroleum Authority of Thailand (PTT). Much research was required in order to determine the most appropriate route for the pipeline, taking into consideration the indigenous communities that lived in the area and the section of virgin rainforest that remained in this part of the country. After identifying three potential routes, the route that had the lowest environmental and community impacts was selected (TOTAL, 1997, 2003).

By February 1995 all the Yadana pipeline contracts had been negotiated and signed and the following conglomerate had been formed to share the cost of building and operating the pipeline: TOTAL S.A. owns 32%, Unocal, a California based multinational, owns 28%, the Thai state-owned PTT owns 25% and MOGE, the state-owned Myanmar Oil and Gas Enterprise, owns 15%. Construction began shortly after February 1995 with the first delivery to Thailand in July 1998.

The Yadana pipeline is currently the largest foreign investment project in Myanmar. Over the life of the project, it is estimated to have provided over 2 billion dollars in hard currency to the military regime. Aung San Suu Kyi, the leader of the pro-democratic opposition party in Myanmar, has asked companies not to invest in Myanmar and she has specifically criticized the pipeline project as doing a great disservice to the cause of democracy (ERI, 2002).

During the three years when the pipeline was being built, TOTAL S.A. was aware of the sensitivity required and the potential criticism of setting up operations in a country that has been ruled by a military regime since 1988. Like every TOTAL S.A. subsidiary, TOTAL S.A. Myanmar applied its code of conduct, requiring respect for the natural environment, respect of the cultural values, meeting high ethical standards in working practices, contribution to the socio-economic development of local communities and the overall promotion of human rights.

To support this code, a socio-economic programme (SEP) was initiated in 1995 and today includes 23 villages and some 43 000 people living in communities close to the pipeline (TOTAL, 2002). The objective of the SEP was to improve the standard of living for the population along the pipeline corridor and to build a higher level of trust and confidence in the communities (TOTAL, 2002). Village committees were established for the villagers to identify their needs and relay community issues to TOTAL S.A. in order to include villagers in the decision-making and ensure long-term sustainability of the development activities.

The start-up budget spent for the SEP from 1995 to 1998 was 5 million US$ and included amongst other things setting up and maintaining a healthcare and malaria control programme; establishing pig farms, poultry and agricultural projects; renovating and building schools and establishing the Yadana bank loan programme. Since then 1 million US$ has been allocated annually for maintaining and expanding the activities. To date, all of these activities have been carried out exclusively by TOTAL S.A. and its business partners, and no partnerships were forged with NGOs or international organizations (UNESCO, personal communication).

Allegations Against TOTAL S.A.

TOTAL S.A.'s presence in Myanmar has sparked heated debate and controversy in the international community, and has attracted widespread criticism from human rights activists, media, consumers, employees, local communities and regional and local governments.

While the French government is fully supportive of TOTAL S.A.'s operations in Myanmar regardless of its opposition to the military regime, most of the international community has distanced itself from Myanmar through economic embargoes and the downturn of foreign direct investment. Since international criticism began in the mid-1990s, other oil companies, such as Premier Oil of the UK, have abandoned operations in Myanmar.

Particularly questionable was TOTAL S.A.'s decision to hire the military for security during and after the building of the pipeline. Conscription of unpaid labourers has been a long-standing practice in

Myanmar since 1907, when forced labour was legalized by the British colonial authorities (TOTAL, 2002). It was only banned by decrees in May 1999 and October 2000 and there is some evidence that forced labour was used by the military in the security operations for the pipeline (HRW, 2004). However, the International Labour Organization (ILO) has not found any evidence of such (Kouchner, 2003; ILO, 2004). Critics claim that the collateral damage of indigenous people being forcefully displaced, killed, raped, tortured and enslaved by the military security forces is ongoing (ERI, 2004).

Several lawsuits against both Unocal and TOTAL (and senior executives thereof) have been filed, claiming worker abuses and forced labour in connection with the Yadana pipeline, and complicity in 'crimes against humanity' and in 'unlawful confinement'. Some of the allegations have been dismissed (*Asian Times*, 2004; Unocal, 2004); others are still in progress.

TOTAL S.A. states that neither they nor their contractors employed workers on the pipeline project against their will, and that all workers volunteered and were paid for their services. In fact, TOTAL S.A. attests that they were vigilant about preventing the use of forced labour by the military and that, at the beginning, when they were notified about some cases of forced labour, they immediately put a stop to the practices and compensated the victims (UNESCO, personal communication; TOTAL, 2003).

Contrary to criticism, TOTAL S.A. (supported by their partners and the French government) believes very strongly that their presence in Myanmar can drive progress and put pressure on the military to improve the standard of living in the country. TOTAL S.A. affirms that their withdrawal from Myanmar would in fact be irresponsible and that it would have negative consequences for the country and for human rights (TOTAL, 2002, 2003).

TOTAL S.A. in Pursuit of Partnerships

TOTAL S.A. now wants to expand their activities to other communities in Myanmar and is pursuing partnerships with various UN agencies on sustainable development projects throughout the country. In particular, TOTAL S.A. has approached UNESCO in hopes of forging a partnership with the organization on the Community Learning Centres programme in Myanmar (UNESCO, personal communication). UNESCO is a specialized agency of the United Nations, with the main objective of contributing to peace and human development in an era of globalization through education, the sciences, culture and communication. Education is the overarching theme that links all of the themes together by encouraging the advancement, transfer and sharing of knowledge. In this area, UNESCO has long-standing technical expertise in establishing Community Learning Centres (CLCs) throughout Myanmar and the entire Asia Pacific region. Many of the underlying principles of UNESCO's CLC programme mirror the basis of TOTAL S.A.'s existing socio-economic programme, whereby the goal is to empower members of the community to improve their standard of living. TOTAL S.A. hoped to engage in cooperative activity with UNESCO to share experiences and contribute to the expansion of the CLC programme in other areas throughout Myanmar.

UNESCO was faced with a controversial decision on whether to pursue a partnership with TOTAL S.A. The Director General of UNESCO, headquartered in Paris, had recently announced that UNESCO had awarded Aung San Suu Kyi the UNESCO Prize of Tolerance for her courage and commitment to democracy in Myanmar. She had been unable to formally receive her award since she had been held, and still remains, under house arrest by the military government. Being accountable to a broad set of stakeholders including the United Nations family of organizations, the UN member states, bilateral donors, regional and local governments and civil society, UNESCO did not pursue the potential partnership with TOTAL S.A. in Myanmar due to the conflict of interest it presented (UNESCO, personal communication).

Discussion

The legitimacy of TOTAL S.A. global operations has been directly impacted by environmental and human rights violations by other companies in the oil and gas industry, e.g. Shell's attempted dumping of the Brent Spar oil platform in mid-1995, and its use of lower environmental standards in Nigeria (Murphy and Bendell, 1999). Through association with the industry, TOTAL S.A. has suffered from criticism and legitimacy issues at the global level.

When TOTAL S.A. first initiated research and exploration in Myanmar in 1992, the international community was sceptical of the company's interest in the region due to the unstable political situation and the repercussions of foreign direct investment into a country ruled by an oppressive regime. When the news was made public to corporate shareholders and messages were sent to the international community via the global media regarding TOTAL S.A.'s plans for developing the pipeline in Myanmar, the legitimacy crisis began. The expectations of stakeholders for corporate behaviour were very different from societal perceptions of the corporate behaviour being put into action. This initial development of a legitimacy gap in Myanmar was based on the perception of a large group of stakeholders that TOTAL S.A. operations were supporting the military regime by funnelling financial capital into the wallets of military generals, who were regularly violating the human rights of the citizens of Myanmar. The legitimacy gap continued to widen as the news spread of forced labour allegedly being used by the military to guard the pipeline. By hiring the military as security along the pipeline corridor, and the military perhaps forcing villagers to perform the security duties with no pay and physical abuse, TOTAL S.A. came under fire from human rights activists, political groups and foreign governments. Adding to this, criticism from environmental organizations emerged regarding the environmental impact on the ecosystems and the destruction of the virgin rainforests along the pipeline corridor.

Looking at TOTAL S.A.'s stakeholder grid in Figure 1,[1] it is clear that the main opposition to their engagement in Myanmar is found in stakeholders with political power and with an influencer's stake, i.e. groups with actually no *direct* influence on the economy of the operations in Myanmar. These stakeholders represent NGOs/activist groups, the opposition party in Myanmar, consumer advocates, local communities and the media.

Supporting the operations are the stakeholders found mainly with formal power and with an equity stake (e.g. shareholders), i.e. stakeholders who have a direct influence. The remaining identified stakeholders (all with a market stake) are divided between having economic power and/or political power. These stakeholders may in some cases be positive towards engagement in Myanmar (e.g. the French government) and in some cases opposing it (e.g. other governments).

Another representation of the stakeholders is found in Figure 2, where the spheres of primary and secondary stakeholders are used (see, e.g., Madsen and Ulhöi, 2001). Figure 2 shows that while TOTAL S.A. had direct interaction with all of its stakeholders so did, in fact, NGOs and activist groups, who operated in networks and were in strong opposition to the activities in Myanmar. TOTAL S.A. was therefore – together with its business partners – entangled in a web of highly active, dynamic and critical stakeholders, and the efforts to regain legitimacy in Myanmar through the SEPs were overshadowed by the continued and rather successful efforts of these global activist groups' co-operation with foreign governments and the media in realizing economic sanctions and consumer boycotts against Myanmar. At the same time, the activist groups succeeded in filing a number of court cases, thereby bringing into play a further actor (courts and the legal system).

[1] The stakeholders that have been identified are a combination of local, regional and global stakeholders in TOTAL S.A.'s operations in Myanmar. All of the stakeholders identified have legitimate needs that are in the sphere of influence of TOTAL S.A. Cf. LaFrance (2003) for a more descriptive account of the stakeholders.

STAKE \ POWER	Formal or Voting	Economic	Political
Equity	Shareholders Partners: Unocal, PTT & MOGE		
Market		Global Customers Government of Myanmar Competitors	French Government Other Governments
Influencers			Local Communities NGOs/Activists Groups International Organisations Opposition Party Media Courts and legal systems

Figure 1. TOTAL S.A. stakeholder grid. Influenced by the stake/power model of Freeman (1984)

While TOTAL S.A. affirms that their socio-economic programmes have been underway in communities along the pipeline since construction began in 1995 and TOTAL S.A. was determined to communicate their existing and expanding activities to its stakeholders in hopes of regaining some legitimacy, no direct co-operation between the company and its critical stakeholders on these activities occurred. TOTAL S.A. put the SEPs into place without any co-operation from international NGOs, governments or international organizations. As such, there were simply no neutral stakeholders to confirm the socially beneficial activities that TOTAL S.A. were carrying out in Myanmar, and due to the lack of transparency in Myanmar TOTAL S.A. had limited ability to voice their efforts to the international community in a credible way.

It may be largely for this reason that TOTAL S.A. approached UNESCO Bangkok to forge a partnership to work together on SEP type programmes in Myanmar. TOTAL S.A. had already shown the abilities to implement SEPs on their own, and would per se therefore not need the resources or the expertise that UNESCO could add, but rather the integrity.

In terms of legitimacy strategies, some critics may consider this effort to gain legitimacy by partnering with a reputable organization as a way to *distract* attention from the legitimacy threatening issue (an analogy to the environmental context would be the term 'greenwash'). In this case, by partnering with UNESCO, TOTAL S.A. would continue to reap the financial benefits of its pipeline operations (and maintain positive relations with its primary and economically concerned stakeholders), while contributing to the expansion and increased accessibility of SEP activities aimed at improving the quality of life for many people in Myanmar. The actual involvement by TOTAL S.A. would perhaps be status quo, but the inclusion of UNESCO as a partner would ensure a more neutral, legitimate and possibly accurate voice in terms of the results of the SEPs. The strategy would therefore be to change 'societal'

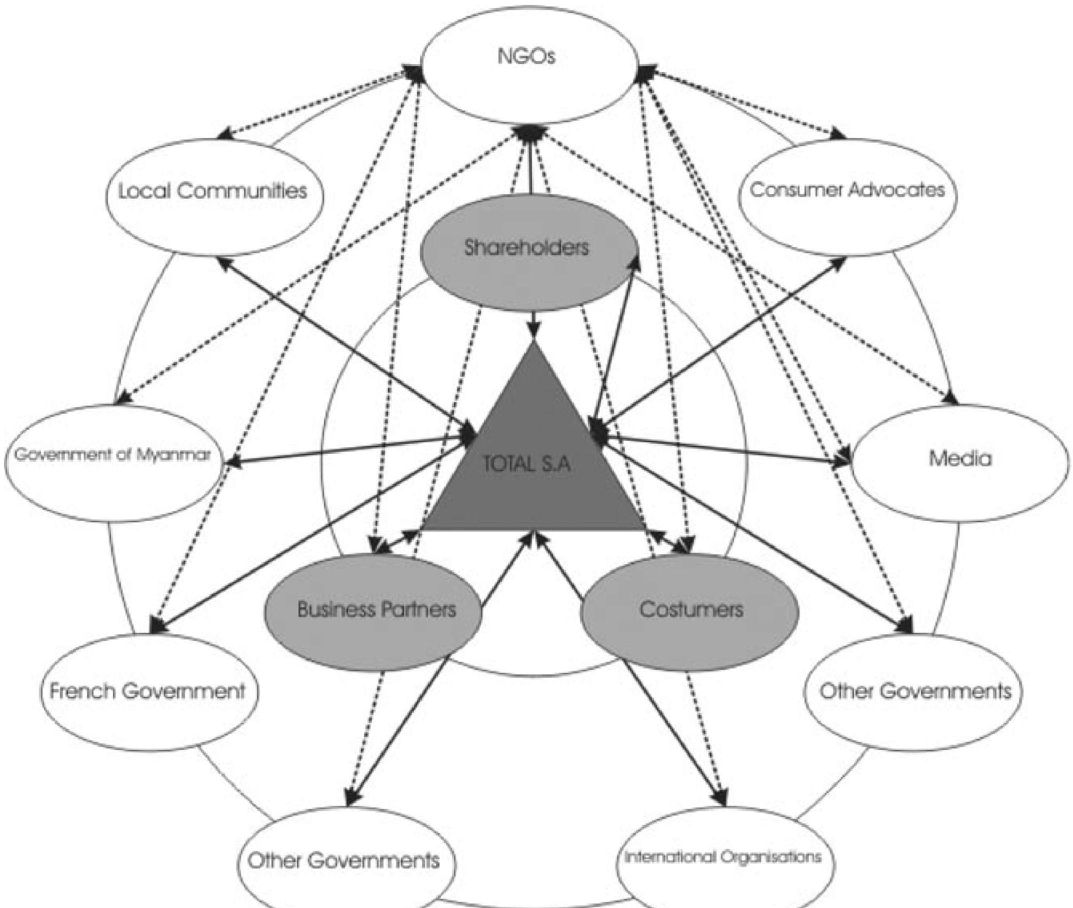

Figure 2. Stakeholder map of TOTAL S.A.'s Myanmar operations. Primary stakeholders are denoted with grey spheres (inner circle), while secondary stakeholders are white (outer circle). Interactions with other stakeholders have been inserted for TOTAL and NGOs (dotted)

perceptions of TOTAL S.A.'s corporate behaviour. Inherent in this viewpoint is that TOTAL S.A. may already be living up to societal expectations by actually behaving in a socially accountable way, and the partnership strategy is therefore one based solely on legitimacy issues.

On the other hand, by partnering with an international organization with long-standing expertise in developing successful frameworks for P3s in the Asia Pacific region, and a focus on improving access to education to all people and on the preservation of cultural heritage and environmental habitat, TOTAL S.A. would be able to enhance and further their SEPs in Myanmar, i.e. address the issue of societal expectations. UNESCO has extensive experience on community empowerment projects in the country, and is very concerned with the long-term sustainability of their programmes. There would therefore be substantial knowledge and techniques on ways to ensure sustainability and enhancement of activities that UNESCO could pass on to TOTAL S.A. Viewed in this way, the partnership with UNESCO would add *both* integrity and additional resources to the SEPs (and their replication throughout Myanmar).

Regardless of which strategy one believes that TOTAL S.A. were concerned with, the potential partnership with UNESCO would be a sound first step towards addressing the needs of those stakeholder groups with political and economic power, whose negative perceptions have been largely responsible for TOTAL S.A.'s current legitimacy issues, i.e. an act of company self-interest. Yet, this partnership would only provide for improved legitimacy over the long run if the partnership proved successful in *expanding* the community development programmes throughout Myanmar in a sustainable manner, as this would inherently be the main reason for UNESCO to become a partner – and continue the partnership.

> It is widely assumed that bringing together different public and private competences benefits everyone, while few seem to question how real the benefits are, or whether they are commensurate or comparable (Zammit, 2003, p. 224).

Conclusion

In light of the legitimacy crisis that TOTAL S.A. faced in Myanmar and many other companies have encountered through operations in politically controversial countries (e.g. Shell in Nigeria), companies should give more consideration to the potential impact of their operations on the corporate image. The maintenance of a solid corporate brand and the impact on stakeholder perception needs to be quantified in order that it may be given appropriate consideration in the companies' market evaluation analysis.

Companies that decide to pursue operations in countries that are ruled by oppressive leaders may be well served to identify and pursue partnerships with reputable international organizations or NGOs prior to setting up operations under contentious circumstances. This would enable companies to leverage the potential reputational benefits of being associated with and gaining endorsement from a well reputed organization. The partnership would likely bring credibility and transparency to the companies' CSR activities that otherwise might result in stakeholder scepticism and an adverse effect on the corporate image. Through active stakeholder engagement with both partners' sets of stakeholders, the partners will draw visibility to the positive contributions being made and provide stakeholders with opportunities to provide input on the direction and focus of their activities. The partnership may have the potential to help mitigate against a legitimacy crisis by establishing an outlet for communicating messages and validating the information about the partnership activities. The involvement of the partner organization may bring credibility to the companies' presence and the partnership activities may contribute to the formation of more balanced stakeholder perception. The media and international NGOs that have typically been the most vocal about their criticism of companies operating under controversial circumstances will have less ammunition for targeting the corporate brand.

Although it seems clear that partnerships that will make sustained, long-term contribution to the betterment of society are a sound first step for companies to manage legitimacy and address stakeholder needs, the question remains of whether the benefits for international organizations or NGOs are sufficient for them to come to the table and seal the partnership deal.

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