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Investigation of stakeholder management in the oil and gas industry in Tanzania

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Reference: Mbelwa, Latifa (2018). Investigation of stakeholder management in the oil and gas industry in Tanzania. In: Business management review 21 (1), S. 34 - 59.

This Version is available at:

<http://hdl.handle.net/11159/3287>

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INVESTIGATION OF STAKEHOLDER MANAGEMENT IN THE OIL AND GAS INDUSTRY IN TANZANIA

*Latifa Mbelwa*¹

ABSTRACT

The purpose of this paper is to advance knowledge of stakeholders' identification, stakeholders' Saliency, and Companies' Stakeholders Management Strategies in Oil and Gas Industry in Tanzania. The paper employed exploratory case study strategy. The data were obtained from two Oil and Gas companies' websites and were analyzed using content analysis. Stakeholder theory was used to interpret the data. The principal research findings reveal the role of the sustainability reporting, good governance, stakeholder engagement, risk management and corporate Social Responsibility (CSR) practices and strategies in stakeholder management by both local and international oil and gas companies in Tanzania. Moreover, the findings indicated the existence of nine key stakeholders in the oil and gas companies in which local community scored the highest. Their stakeholder saliency falls from definitive to expectant and few latent who likely to turn to expectant. This is due to the fact that the nature of the industry, that it is much regulated, has a long time span and more riskier; in a way it gives the stakeholders the latent chance to gain another stakeholders' attributes, that is either power, urgency or legitimacy. This justifies why Oil and Gas companies are managing their stakeholders using CSR practices and strategies that touch both stakeholders and non-stakeholders. The nature of the industry allows a non-stakeholder at first place to gain stakeholder' attribute and becomes a stakeholder. Generally, the study revealed the effort of international oil and gas companies to strongly manage and communicate with a wide range of stakeholders through their websites compared to local companies. Moreover, both companies are managing their stakeholders to create shareholder's long term value, risk management, engagement and dialogue that shape regulative framework and for sustainable oil and gas operations. The study is recommending that the national oil and gas local content should be constructed after understanding the nature, demand and interest of stakeholders and their inter-relations for proper management of the industry and to control resources curse. Moreover, the local and international

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Business Management Review 21 (1), pp.33-59 ISSN 0856-2253 (eISSN 2546-213X) ©Jan-June
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oil and gas companies and local management should understand the nature and demand of their stakeholders and set a clear stakeholder management strategies that can result to attractive local content and firms' longterm value. The future research can broaden the findings by conducting the survey to get a conclusive understanding of stakeholder management in Oil and Gas Industry in Emerging Economies.

Keywords: Stakeholder, power, urgency, legitimacy, stakeholder salience, stakeholder identification, oil and gas companies.

INTRODUCTION

This paper investigates why and how managers of oil and gas companies manage their stakeholders. The study describes the relationship between stakeholders' attributes, stakeholders' salience and stakeholders' management strategy in oil and gas industry in Tanzania. Management literatures reveal the importance of proper managing stakeholders by identifying their attribute and salience feature by managers for the performance and success of the organisations' projects (Donaldson, 1995; Mitchell et al , 1997; Eldanfour, 2014). However, there are few studies such as Eldanfour (2014) and Ekpobomene (2012) addressed the management of stakeholder in oil and gas extractive industry in emerging economy despite the complications, challenges and contextual issues facing the industry.

The challenges facing extractive industries include being highly institutionalised and regulated, high risk, high cost of investment and the long time span from when costs are first incurred until benefits are received (Wright & Gallun, 2008; Fragouli and Joseph, 2016). These challenges increase the importance of identifying the stakeholders and their stakes towards the organisational performance. In order to make the sector prosper despite the challenges, it is argued to better understand and develop the guide and operations on successfully managing stakeholders (Donaldson, 1995). The paper recognises the stakeholder implications and risk associated with their relationships within such a highly institutionalised and regulative environment for oil and gas extractive industry. Therefore, stakeholders' power, legitimacy and urgency are necessary mechanisms to identify their significant salience feature for organisational performance in such environment. Moreover, the paper considers the role of stakeholder management strategy in managing relationships towards organisational performance. The previous studies in the sector focused more on management of few stakeholders such as community (Ekpobomene, 2012; Lebura2013); and being specific to certain issues such as accounting for oil and gas upstream activities (Eldanfour, 2014).

The paper identifies stakeholders of the oil and gas companies by using stakeholders' attributes such as power, urgency and legitimacy as they are perceived by managers. This is to add information about the key stakeholders by managers to the local content of oil and gas, in which stakeholders that possess

the power, legitimacy and urgency associated with prevailed regulations are expected to dominate due to the fact that the industry is highly regulated. Institutional theory argues that organisations and their actors such manager's behaviour towards organisation process, stakeholder identification and management are shaped by institutionalised and regulatory environment (Mzenzi & Goddard, 2015, Mbelwa, 2015). This means for highly regulated industry such oil and gas, the role of institutionalised environment may influence the interpretation and perception by managers on nature and type of stakeholders as the possessed power, legitimacy and urgency towards achieving organisation's objectives.

Moreover, the paper evaluates stakeholder salience by looking at the degree to which managers give priority to competing stakeholders' claims with respect to the possessed stakeholder attributes. This is to reveal how managers of oil and gas industry manage the claims and demands of different stakeholders with respect to the possessed stakeholder attributes. And lastly, the paper seeks to connect stakeholder salience and organisation performance. This is necessary done to increase knowledge of how good stakeholders' management strategy may positively result to achievement of organisation's corporate objective, in this case financial performance in the industry, which is very costly, risky and highly regulated.

LITERATURE REVIEW

A stakeholder is described in strategic management literature as an individual or group who "can affect the achievement of organization's objectives or who is affected by the achievement of organization's objectives" (Freeman, 1984; Mitchell et. al., 1997:856; Gomes, 2006; Eldanfour et. al., 2014). The definition considers those who can affect (that means has power to affect) and also those who are affected (that have claim's legitimacy). Mitchell et. al., (1997) add urgency as third attribute that means "calling for immediate attention in a way that individuals can have the power to influence and have claim's legitimacy but needs urgency to make relationship meaningful and get immediate attention by managers. Thus, this study considers power, legitimacy and urgency as main attributes of stakeholder identification.

Theory of stakeholder identification and salience is interpreted along with other three stakeholder theoretical bases; namely, normative, descriptive and instrumental. A normative theoretical base focuses on "The Principle of Who or What Really Counts, in which theoretical question is who (or what) are the stakeholders of the firm? (Mitchell et. al., 1997; Gomes, 2004;). Descriptive theoretical base underlines the question of to whom (or what) does managers pay attention? (Mitchell et. al., 1997; Gomes, 2004). On the other hand, instrumental theoretical base focuses on tracking connections, if any, between the practice of stakeholder management and the achievement of various corporate performance goals (Donaldson, 1995; Gomes, 2006). This paper follows the normative assumption with the central interest of identifying who are the key stakeholders of oil and gas industry and what are their stakes as they are interpreted by managers of the companies. That means the paper seeks to identify stakeholders to whom managers of oil and gas extraction companies pay attention. Mitchell et. al. (1997) explain that use model is necessary in which power, legitimacy and urgency are possessing attributes that identify who are stakeholders and their perceived salience by the managers.

Freeman (1984) defines stakeholder as “any group or an individual who can affect or is affected by the achievement of the organization's objectives” According stakeholder salience model by Mitchell et al., (1997), organization’s stakeholders may have different power, legitimacy and urgency in decision making process (Gomes, 2003) as well as the access of accounting information provided for those decisions (Assad, 2001). Power, legitimacy and urgency are attributes of stakeholders salience that are defined as “the degree to which managers give priority to competing stakeholders’ claims” (Mitchell et al., 1997). The stakeholder salience attributes are used on identification of key stakeholders of the organization.

Table 1: Models of Stakeholders

| Behavioural patterns of stakeholders | Saliency of stakeholder: Mitchell et al, 1997 | Attributes of stakeholder: Paloviita et al., 2010 |
|--------------------------------------|---|---|
| Dormant | Latent | Power |
| Discretionary | Latent | Legitimacy |
| Demanding | Latent | Urgency |
| Dominant | Expectant | Power/ Legitimacy |
| Dangerous | Expectant | Power/ Urgency |
| Dependent | Expectant | Legitimacy/ Urgency |
| Definitive | Definitive | Power/ Legitimacy/ Urgency |
| Non-stakeholder | Non-typology | Non-attributes |

The study by Gomes (2003) that identified stakeholders who were involved in LGA decision making process found that LGAs decision making is multi-

stakeholder process in which influences are exerted according to stakeholders' power and interests. Gomes (2003) focused on the identification of stakeholders involved in LGA' decision making process, without assessing how stakeholders use accounting information in LGAs decision making process. Gomes (2003) found that important stakeholders in LGAs decision making were citizens, central government, councilors, audit commission, and employees.

There are few studies such as Eldanfour et. al., (2014) and Chinweze, (2015), which addressed stakeholders identification in oil and gas industry in the emerging economy or in the developing countries like Tanzania. Eldanfour et. al., (2014) aimed at identification of the Libyan stakeholders and their attributes with regard to accounting of oil and gas upstream activities and found that there were two types of stakeholders existing in Libya: definitive and demanding stakeholders. However, the identification is not on the perception of managers of oil and gas company as the focus of this study but on perception of the government towards accounting of for oil and gas upstream activities. On the other hand, Chinweze (2015) investigated the stakeholders involved in oil and gas development in Nigeria. This study was based on the Nigerian context and its lacks the generalization as the oil and gas industry is characterized with several contextual differences. Vita et al., (2015) undertook an analysis of local content development (LCD) policy of the stakeholders of Nigerian oil and gas industry to gain a better understanding of the extent of stakeholders' interactions and how such interactions align to conditions that are conducive for local content development. The findings of the study unveil a wider array of actors besides those typically identified in relevant literature (government and operators). The paper brought understanding of stakeholders analysis over the oil and gas sector; however, it does not provide understanding on the the degree to which managers of oil and gas companies give priority to competing stakeholders' claims. Despite the fact local and international oil and gas companies were figured out that they are among key stakeholders on the local content development (LCD) policy.

METHODOLOGY

The study adopted qualitative research approach in which exploratory case study strategy was adopted to accomplish research objectives. The case strategy is suitable for this study because it is an empirical inquiry through which an investigation of a contemporary phenomenon is done when the boundaries between the phenomenon and context are not evident (Yin, 1981, 1994, 2000, 2003, 2009, 2011).

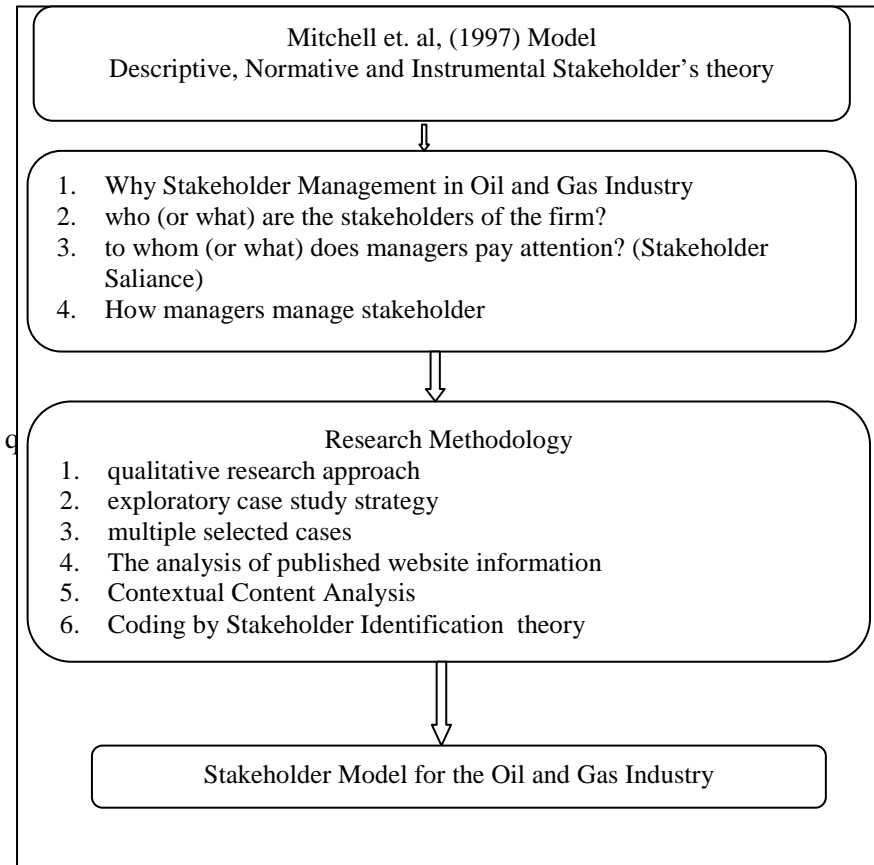
The data were collected by gathering website information on multiple selected cases. The use of multiple cases was done to increase reliability and generalisation of the findings. The selection of multiple cases was done by considering the availability of the website information, the status of the company, whether locally or internationally registered as well as whether the company is registered in the stock exchange market. The use of multiple cases

provides richer discussion and comparison, and increase the validity and generalisation of findings as well as strengthen results by replicating pattern-matching and, thus, increasing confidence in the robustness of the theory or model advancement within the studied context (Yin, 1994). This study selected two cases without sacrificing in-depth analysis and contextual nature of each case. The units of analysis of this study were website and managers of oil and firms.

The analysis of published website information that carried communications to stakeholders was done by using content analysis. The content analysis is “a technique for making inferences by objectively and systematically identifying specified characteristics of messages” (Holsti, 1969). The content analysis was used to identify the key company communications with stakeholders who were related to displayed activities on the website. The content conceptual analysis was done, which involves choosing certain concepts for examination, and then quantifying and tallying their presence in the chosen texts from the website. Coding was guided by stakeholder theory in which specific contextual characteristics of the studied area were considered in the identification of relevant themes. The coding process was done systematically and theoretically to ensure validity of findings. The content conceptual analysis was done per the guidelines of the Writing Center at Colorado State University (<http://writing.colostate.edu/guides/guide.cfm?guideid=61>).

QDA miner software was used to perform qualitative and quantitative content analysis by coding, annotating, retrieving and analysing content and texts and by calculating the frequency and percentage of appearance of the concepts under investigation from website information of both cases. The published contents and information were copied and downloaded from websites Case 1 (Statoil International Company: <http://www.statoil.com>) and Case 2 (Swala Oil and Gas (Tanzania) plc: <http://www.swala-energy.co.tz>). The information was downloaded on 30/08/2016 at 12.30. The content analysis was done by investigating the concepts such as type of stakeholders (shareholders, community, investors, government) and the stakeholder’s attributes such as power, legitimacy and urgency which were published on the website. The study content analysis was also performed by looking and interpreting the objective meaning of the published text towards the concepts under investigation. Therefore, the analysis and interpretation of findings were done by conspiring both implicitly and explicitly meaning of concepts under investigation by using stakeholder theory. Figure 1 is diagrammatical representation of analysis of data towards the three main research of this study.

Figure 1: Data analysis approach



FINDINGS

Descriptive Cross Case Analysis

The analysis across the two cases showed that both two companies described more their company names, products, activities, technology and locations in their websites. The first keywords for both companies were companies' brand names that scored 4.31% and 10.31% for Statoil and Swala respectively. In the case of Statoil, the analysis indicated that, the company managed to communicate to their stakeholders about the company name, the products, technology, nature of production and business activities together with the location within the first tens keywords. For stance, ENERGY as the keyword that scored 2.29% may indicate that the nature of activities is not only exploration, but also distribution and trading of energy products including oil and gas. While for the case of Swala,

the first ten keywords described only the name, location and nature of activities of Swala that were exploration and Production (E&P) only. Through content analysis, table 1 below reveals that Swala Oil and Gas is Tanzanian Company for the fact that TANZANIA is among first 10th keywords, while Statoil demonstrated the importance of Local content where the business operations are taking place, in way that LOCAL is among first 10th keywords.

Table 2: Nature of the Company

| s/n | Statoil International Company | | | Swala Oil and Gas (Tanzania) plc | | |
|-----|-------------------------------|-----------|--------|----------------------------------|-----------|--------|
| | Keyword | frequency | %shown | Keyword | frequency | %shown |
| 1 | STATOIL | 100 | 6.94% | SWALA | 44 | 15.12 |
| 2 | OIL | 62 | 4.31% | TANZANIA | 30 | 10.31% |
| 3 | GAS | 57 | 3.96% | OIL | 29 | 9.97% |
| 4 | RIGHTS | 51 | 3.54% | BASIN | 25 | 8.59% |
| 5 | HUMAN | 47 | 3.26% | COMPANY | 21 | 7.22% |
| 6 | TECHNOLOGY | 41 | 2.85% | SEISMIC | 21 | 7.22% |
| 7 | BUSINESS | 38 | 2.64% | GAS | 16 | 5.50% |
| 8 | COMPANY | 35 | 2.43% | EXPLORATION | 13 | 4.47% |
| 9 | ENERGY | 33 | 2.29% | RIFT | 13 | 4.47% |
| 10 | LOCAL | 33 | 2.29% | KILOMBERO | 12 | 4.12% |

Why Stakeholder Management in Oil and Gas Industry?

Content analysis revealed that the objectives of stakeholder management by oil and gas firms is generally associated with sustainability of oil and gas operations, managing risk and for engagement and dialogue that shape regulative framework; and for the creation of long term shareholder value. The sustainability of the energy sector seems to be associated with management of stakeholders, that the oil and gas firm cannot do it alone. Otherwise, it needs, a collaborative effort. The engagement and management of stakeholders are among the efforts to ensure sustainability, oil and gas operation, as it was quoted in Statoil website that:

Sustainability challenges are often too complex and wide-reaching to be solved by one organisation alone. Cooperation among different stakeholders is therefore a prerequisite to create lasting value for those whom we affect in society.

(<http://www.statoil.com/en/EnvironmentSociety/Sustainability/Pages/RiskManagementAndGovernance.aspx>; Published in 2015-03-19, 07:08 CET. Updated 2015-05-19, 13:36 CET.)

Moreover, the content analysis revealed that in the short run, the stakeholder management was used as a mechanism to mitigate different types of risks, but aiming at creating stakeholders' (shareholders) long term value. This means that

risk management was among the key issues that appeared in several website themes of oil and gas companies, and at most in the international company website. The open dialogue between local and international oil and gas companies might explain that oil and gas industry is the riskiest industry because how risks are associated and managed depend on how stakeholders are managed (Fragouli and Joseph, 2016). Quotations from website of Statoil Company (International oil and gas company) says that:

We take our stakeholder perspectives into consideration when assessing and managing risks. An open dialogue with potentially affected communities and other interest groups and a holistic and balanced view are key elements in our risk management process. Our values inform the way we manage risks to create long term value for Statoil, our shareholders and society at large... Statoil has made a commitment to create lasting value for communities. We understand that we can only achieve this with a good understanding of our stakeholders' expectations and by working collaboratively.

Who are the Stakeholders of the Firm? and which are Stakeholders' Attributes and Salience

Through content analysis, the definition of stakeholder by the oil and gas company was revealed as follows:

Our stakeholders are the many individuals and organisations that are affected, directly or indirectly, by Statoil's operations, whether these are related to our role as an energy provider, employer, business partner, or company that generates revenue and supports local development (Statoil PLC).

Through the content analysis (see in Table 2, 3 and 4), for the case of Statoil as an international company, the word STAKEHOLDER appeared 13 (0.9%) times as among the keywords in all six main website themes. In the case of Swala as a local company, the word STAKEHOLDER appeared 3 (0.23%) times as a normal word in all six main website themes. This might indicate that international company tends to demonstrate the importance of managing stakeholders compared to the locally based company. Moreover, the content analysis revealed who (or what) are the stakeholders of the firms among the two cases.

Group of Stakeholders and their Stakeholders' Attributes

Local Community

Table 2 reveals that local community was the most mentioned stakeholder in the website content in the both cases compared to other stakeholders. The content analysis showed by communities as stakeholders, the oil and gas companies refer local communities where the oil and gas operations are taking place or and the people who are living nearby or surrounding the operations. In the case of Statoil, the word community appeared 25 (0.25%) times as among the keywords

in all six main website themes. In the case of Swala, the word community appeared 5 (0.2%) times as normal word in all six main website themes.

The content analysis of this study revealed that the communities are stakeholder groups, which oil and gas firms engage with in order to gain the legitimacy of their operations. Thus, legitimacy attributes makes communities to become the most key stakeholders by oil and gas companies. It is quoted in the website of Statoil Company that:

We fully acknowledge that our operations affect local communities. Our ability to operate safely and continuously depends not only on obtaining the necessary official permits, but also on gaining the acceptance and trust from communities that surround our operations...

We will continue to engage with communities affected by our activities to earn acceptance and legitimacy with people and governments, whether in Norway, Brazil, West and East Africa, North America or wherever we operate.

(<http://www.statoil.com/en/EnvironmentSociety/Sustainability/Pages/RiskManagementAndGovernance.aspx>; Published 2015-03-19, 07:08 CET. Updated 2015-05-19, 13:36 CET).

The content analysis revealed that urgency is also an attribute that makes oil and gas companies to recognise communities as among key stakeholders. However, the communities claim about health, social, security and environmental risks due to the operations of the firms. Thus, the claims of the communities that are associated with health, social, security and the environmental aspects are taken as serious issues for the success of the oil and gas companies' operations. The quotations from Swala and Statoil websites are as follows:

We take our stakeholder's perspectives into consideration when assessing and managing risks. An open dialogue with potentially affected communities and other interest groups and a holistic and balanced view are key elements in our risk management process.....

Relevant health, safety, security, environmental and social risk factors are identified at each decision point in our business processes, from early phase business opportunity identification, to drilling wells and producing hydrocarbon, and to abandonment and removal of facilities.

(<http://www.statoil.com/en/EnvironmentSociety/Sustainability/Pages/RiskManagementAndGovernance.aspx>; Published 2015-03-19, 07:08 CET. Updated 2015-05-19, 13:36 CET)

The company's objective is to support development in local communities and to minimise the impact on the environment (<http://www.swala-energy.co.tz/corporate-profile.php>; Downloaded at 12.30; 30/08/2016)

Power attribute of communities was also revealed by the content analysis of the study websites. The analysis showed that the power of communities to protest (*grievance*) upon operations of oil and gas companies is attributed to a key

stakeholder. Such power of the communities can command the attention of the media, thus more symbolic power (Mitchell, 2003). This means, once communities enforce their power to protest as a human rights, urgency to respond to the claim increase and otherwise the firms lose their legitimacy to operate. This means communities have power to enforce their claims and hence give legitimacy to oil and gas companies to operate. It was revealed by the content analysis of the study websites that the oil and gas companies tend to develop a clear structure on how to deal and manage the power of local communities to protest against the operations of companies. The quotation from Statoil website is as follows:

Community grievances are primarily addressed through regular contact with the communities and by compliance with any formal grievance-handling procedures required by the regulatory authorities. (<http://www.statoil.com/en/EnvironmentSociety/Sustainability/Pages/RiskManagementAndGovernance.aspx>; Published 2015-03-19, 07:08 CET. Updated 2015-05-19, 13:36 CET)

Generally, the content analysis of the study website revealed that local community is among the key stakeholders of oil and gas companies that possess power, legitimacy and urgency. According to stakeholder theorists such as Mitchell, (1997) local communities are definitive stakeholders of oil and gas companies because they possess all stakeholders' power, legitimacy and urgency. The Local communities have "salience" in the minds of the managers of oil and gas companies as decision-makers to reconcile the competing health, social, security and environment claims. Therefore, the managers of oil and gas firms are acting first on the claims that most clearly or "definitively" warrant their attentions (Mitchell, 2003). This is due to the fact that the claims are sources of risks that can easily result to failure of the organisational operations (Wright & Gallun, 2008).

Suppliers

The content analysis of study websites reveals that suppliers are among oil and gas stakeholders. However, identification was done only on the case of Statoil Company. The analysis revealed that suppliers are second key stakeholders that management recognise in their daily operations (see table 2). Stakeholders' salience on suppliers seems to be determined by only two stakeholders' attributes; namely, power and legitimacy. Suppliers acquire power after signing contracts to supply products to oil and gas companies. However, they cannot clearly exercise on the power because of lack of urgency and hence gain legitimacy relationship after consistently operate in accordance with company' values and maintain high standards of safety, security and sustainability in their joint operations. It was quoted in Statoil website that:

We are committed to using suppliers who operate consistently in accordance with our values and who maintain high standards of safety,

security and sustainability in our joint operations. ... All potential suppliers must meet our minimum requirements in order to qualify as a supplier...
(<http://www.statoil.com/en/EnvironmentSociety/Sustainability/Pages/RiskManagementAndGovernance.aspx>; Published 2015-03-19, 07:08 CET. Updated 2015-05-19, 13:36 CET)

The urgency attribute was not revealed; may be because of the fact that suppliers' urgency can be interpreted by management within the degree and importance of resources or product that are supplied by such suppliers for oil and gas operations. As it was argued by resources base theory, the higher the relative importance of the resource for the organization, the more attached to this supplier the organization will be (Pfeffer & Salancik, 1978; Gomes, 2006). According to stakeholders theorists such as Mitchell (1997), suppliers are dominant stakeholders of oil and gas companies because generally they possess power and legitimacy attributes. Thus the salience feature of suppliers by oil and gas management is expectant, thus it is moderate salience and in a way these stakeholders tend to expect something from management. In case of Statoil Company, it is evident that oil and gas companies are doing a lot (example, to have the clear communicative policy) to make suppliers and the company's relationship sustainable.

Shareholders

Table 2 reveals shareholders are among key stakeholders who were mentioned in the website content several times in both cases. The content analysis revealed that the shareholders are stakeholders who possess powers that are associated with resources and ownership and hence influence decision making process in oil and gas companies. The quotations of Swala and Statoil websites are as follows:

However, certain decisions, including resolutions to waive preferential rights in connection with any share issue, to approve a merger or demerger, to amend our articles of association or to authorize an increase or reduction in our share capital, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as two-thirds of the share capital represented at a shareholders' meeting. (<http://www.statoil.com/en/EnvironmentSociety/Sustainability/Pages/RiskManagementAndGovernance.aspx>; Published 2015-03-19, 07:08 CET. Updated 2015-05-19, 13:36 CET)

Legitimacy attribute of the shareholder was also revealed by content analysis of the websites. The relationship between shareholders and the company is legitimated in a way that it gives the companies the mandate to sell, acquire and operate in different places. Fore stance:

The Statoil's objective is to ensure long-term value creation for its shareholders through engaging in exploration for and production, transportation, processing and marketing of petroleum and petroleum-derived products.....We believe that good corporate governance is

more than just a technical exercise – it is instead a fundamental element in the practical work of the company's governing bodies, and it defines the criteria on which the trust of the company's shareholders is based. (<http://www.statoil.com/en/EnvironmentSociety/Sustainability/Pages/RiskManagementAndGovernance.aspx>; Published 2015-03-19, 07:08 CET. Updated 2015-05-19, 13:36 CET)

Swala's Corporate Social Responsibility ("CSR") encompasses the management of relationships with shareholders, employees, contractors and the communities in areas where the company works, together with the impact on society and the environment (<http://www.swala-energy.co.tz/corporate-profile.php>; Downloaded at 12.30; 30/08/2016)

The urgency attribute was also revealed in the website content. In the case of Swala, the website contained clear communication policies that elaborated how management is responding to the shareholders' claims. Moreover, in the case of Statoil Company; it put accounting, governance and sustainability information that were meant to respond to shareholders' claims and demands. It was quoted as follows:

All shareholders will be treated equally...Statoil will ensure that all shareholders have access to up-to-date, reliable and relevant information about the company's activities...We believe that competitive returns for our shareholders are best achieved through a values-based performance culture, stringent ethical requirements and a code of conduct which promotes personal integrity. (<http://www.statoil.com/en/EnvironmentSociety/Sustainability/Pages/RiskManagementAndGovernance.aspx>; Published 2015-03-19, 07:08 CET. Updated 2015-05-19, 13:36 CET).

Government

Government, both local and central government ministries, is among key stakeholders who appeared in the website content several times in both cases. The content analysis revealed that the government as a stakeholder who possesses utilitarian power that is associated with control of oil and gas resources in one hand and normative power in the other hand. This is because the government symbolically owns all oil and gas resources and is also the one that grants licence to local and international oil and gas Companies to explore, develop and produce oil and gas. On the other side, the government through TPDC is partnering with local and international oil and gas companies to explore, develop and produce oil and gas in Tanzania. This also reflects the utilitarian power of the government. The quotations from Statoil website are as follows:

The governments of our host countries grant us licences to explore, develop and produce oil and gas. They also oversee each stage of our operations, ensuring we meet the licence commitments we have made, from the number of wells drilled to our performance in terms of

environmental management and local job creation.
(<http://www.statoil.com/en/EnvironmentSociety/Sustainability/Pages/RiskManagementAndGovernance.aspx>Published; 2015-03-19, 07:08 CET.
Updated 2015-05-19, 13:36 CET)

The power of government towards oil and gas companies' operations is also associated with the coercive mechanism; in a way that physical sanctions to oil and gas companies' operations can be granted when the violation of laws and procedures is occurring (Mitchell, 2003). The provision of security with coercive tools and mechanisms gives the local and central government power that affects how oil and gas companies operate. The quotation from Statoil Website goes as follows:

Statoil uses armed security services provided by the local government in Tanzania and Nigeria. Human rights training is provided in each case. In addition, such training is provided for unarmed guards and security personnel protecting our operations in Algeria.
(<http://www.statoil.com/en/EnvironmentSociety/Sustainability/Pages/RiskManagementAndGovernance.aspx>; Published 2015-03-19, 07:08 CET. Updated 2015-05-19, 13:36 CET)

The urgency of the government was revealed to be more conserved by management of the oil and gas companies as it was reflected in the oil and gas policy and regulatory frameworks, thus creating a positive environment for operations of oil and gas companies. Moreover, the government claims are associated with human rights, environmental protection and revenue transparency were also seemed to have special and immediate attention by the oil and gas companies' management. It was quoted on Statoil Website that:

We also engage with governments in shaping policy frameworks. We therefore have offices in key policy-making centres of particular relevance to our business
(<http://www.statoil.com/en/EnvironmentSociety/Sustainability/Pages/RiskManagementAndGovernance.aspx>; Published 2015-03-19, 07:08 CET. Updated 2015-05-19, 13:36 CET)

The oil and gas companies gain legitimacy for their operations from the government after getting licence and signing contract to operate. However, the maintenance of legitimacy by oil and gas companies seems to be based on the establishment of proper social norms and values. It was quoted on Statoil Website that:

We will continue to engage with communities affected by our activities to earn acceptance and legitimacy with people and governments, whether in Norway, Brazil, West and East Africa, North America or wherever we operate.
(<http://www.statoil.com/en/EnvironmentSociety/Sustainability/Pages/RiskManagementAndGovernance.aspx>; Published 2015-03-19, 07:08 CET. Updated 2015-05-19, 13:36 CET)

Generally, the content analysis of the websites revealed the mixed stakeholding of the government in oil and gas industry. The possession of different types of power, legitimacy roles and urgency claims by government have resulted multiple and definitive stakeholding. Thus the government is the primary as well secondary stakeholder to the sectors. Moreover, the government is acting as institutional stakeholders, that according to findings of this study, which are consistency with institutional theory, the large institutions should become isomorphic over time (DiMaggio and Powell,1983; Mbelwa, 2015; Perrin, 2015). In this case, the government with its multiple institutional influences and roles is shaping how the oil and gas operations are taking place in the countries; it is acting as social, political, economic, environmental and regulatory stakeholder of the country, as it is implicated in the national local content (Sachs and Runli, 2011; DiMaggio and Powell,1983; Mbelwa, 2015; Perrin, 2015).

Society

The content analysis reveals that society as a stakeholder of oil and gas companies has only one stakeholders’ attribute which is legitimacy. The success of the operations of oil and gas companies needs acceptance by the society in general. In both cases, the relationship of society and oil and gas companies was represented and maintained with dialogue and engagement of both sides and through representation from both side. It was revealed in the Statoil company website that:

We are committed to engage in open conversations with various interest groups and representatives of society in the countries where we operate. These include the media, non-governmental organisations (NGOs), international organisations, academics and research centres, which may provide specialised expertise on managing impacts.
<http://www.statoil.com/en/EnvironmentSociety/Sustainability/Pages/RiskManagementAndGovernance.aspx>; Published 2015-03-19, 07:08 CET. Updated 2015-05-19, 13:36 CET)

Therefore, the society as a stakeholder is categorised as discretionary stakeholders and has low salience (latent salience) because the society generally lacks power and urgency. The oil and gas companies also used discretionary CSR practices to respond to societal claims and demands. Therefore, the states control and the legal framework should clearly make provision for stakeholders’ engagement, which provides for aligning business practices with societal needs and expectations, that helps drive longterm sustainability and stakeholders’ value (Echetebe and Onyeri, 2015).

Employees

Table 2 reveals that employees are among the stakeholders who were mentioned in the website content several times in both cases (see table 2). The content

analysis reveals that the employees as stakeholders who possess power that is associated with knowledge and skills. Moreover, the content analysis reveals that employees have a legitimate claim to oil and gas management in a way that management of oil and gas companies tend to show the efforts on responding to employees' urgent claims, which are associated with human rights, health, safety and security and the company's operations. Thus, employees are definitive stakeholders in the industry in a way that the degree of attention from the management will depend on the importance of the claims and demands of employees in relation to safety, health, security and human right will as well depend on employee's special knowledge that is needed by the industry for successful operations. From both websites the following were presented to appreciate the importance of employees:

We provide human rights training to a number of employees and contractors in procurement, technical and security roles in specific countries and projects. In addition, human rights training is included in the learning portfolio of Statoil's corporate university (LEAP).....The Statoil CEO's SSU Award is designed to recognize outstanding achievements by employees and affiliated contractors of Statoil in the areas of Security, Safety and Sustainability. (<http://www.statoil.com/en/EnvironmentSociety/Sustainability/Pages/HumanRights.aspx>; Published 2015-03-19, 07:05 CET. Updated 2016-05-12, 13:18 CET.)

Implements rigorous HS&E management systems that ensure that its activities and those of its subcontractors are carried out to high professional standards and protect the health and safety of employees as well as the integrity of the environment (<http://www.swala-energy.co.tz/corporate-governance.php>; Downloaded at 12.30; 30/08/2016)

Industrial Associations

The content analysis of the websites reveals that Industrial Associations are among oil and gas stakeholders that get the attentions of managers. The analysis revealed that Industrial Associations include peer partners working together to ensure safe and security and success of oil and gas operations. Stakeholder salience upon Industrial Associations seems to be determined by only two stakeholders' attributes; namely, legitimacy and urgency. Industrial Associations acquire legitimacy attribute because they are legally operating to represent and advocate different issues of the oil and gas companies and hence increase the legitimacy of the operations of oil and gas companies in countries.

Major associations are better at representing the views of the industry than single companies and are often a valuable partner for the regulator in developing new requirements, or frame conditions, for our industry. Statoil is a member of a number of industry associations and

chambers of commerce. The main objectives of many these associations are promoting good practices and standards within the oil and gas industry in order to ensure safe, secure and sustainable operations. (<http://www.statoil.com/en/EnvironmentSociety/Sustainability/Pages/RiskManagementAndGovernance.aspx>; Published 2015-03-19, 07:08 CET. Updated 2015-05-19, 13:36 CET)

Works closely with our HS&E advisors as well as with all relevant bodies in those countries where it operates to ensure all operations are planned in accordance with current industry norms and applicable local legislation (<http://www.swala-energy.co.tz/corporate-profile.php>; Downloaded at 12.30; 30/08/2016)

Industry Associations has an urgency relationship with management of oil and gas companies in a way that their demands and claims are critical and need immediate attention for the success and smooth operations of oil and gas companies. Moreover, it has been observed that many claims and demands of industrial associations are associated with implementation of the peer group agreement of health, security and environmental protection that make the energy sector sustainable. However, their claims do not have power to be exercised because the association is working under social affection and optional membership of the oil and gas companies. It was written on the Statoil Company's website:

We work closely with our peer companies on the prevention of major accidents and emergency preparedness through a number of industry-wide programmes. For instance, under the auspices of the International Association of Oil & Gas Producers (OICP), Statoil has participated in the Subsea Well Response Project (SWRP), an industry collaborative effort that is about to be completed and which aims at enhancing global well-containment capabilities. Thanks to this programme, the industry has improved the speed and effectiveness of its response to well incidents...Other organisations to which we belong concentrate mostly on sustainability and transparency standards. This is the case, for example, for the World Business Council for Sustainable Development (WBCSD); and the International Emissions Trading Association (IETA). (<http://www.statoil.com/en/EnvironmentSociety/Sustainability/Pages/RiskManagementAndGovernance.aspx>; Published 2015-03-19, 07:08 CET. Updated 2015-05-19, 13:36 CET)

Potential Investors

Table 2 reveals that potential investors are among stakeholders who were mentioned in the website content several times in both cases. The content analysis reveals that the investor is a stakeholder who possesses power that are associated with resources that they own and given access to influence oil and gas

company decision making process. This is for fact that oil and gas operations need enough funds to meet costly operational demands. Moreover, the content analysis revealed that investors have legitimacy claim to oil and gas management in a way that management of oil and gas companies tend to show the efforts on responding to investors obvious claims and demand through website despite the fact that the claims lack urgency. It was indicated in the websites of both cases that investors are important to these companies by having a complete section and themes for them and named as 'INVESTORS' CENTER. The investors' center of both companies' websites revealed that the company investment information such as share price, stock markets announcement, financial analytical information and financial quarterly and annual reports. Such information is intended to respond to potential and existence investors' queries, claims, and demands, inform and attract potential investors to invest in the companies. Existing investors such as shareholders have an urgency claim towards oil and gas operations. However, potential investors lack urgency attributes in a way that they are dominant stakeholders with expectant salience. According to stakeholders' literature, oil and gas companies' management tend to have a formal mechanism to acknowledge the importance of dominant stakeholders' relationship with their organisations, in this case through the website content analysis investors have the same attention. The quotation from Statoil website is as follows:

Investor Centre: Here you will find the company's results and other information relevant to the share price of the company. (<http://www.statoil.com/en/investorcentre/pages/default.aspx>; Published 2009-09-18, 14:56 CET. Updated 2015-05-11, 13:59 CET).

Table3: Groups of Stakeholders with Explicit Meaning

| S/ N | WORD NAMING | Statoil International Company | | | Swala Oil and Gas (Tanzania) plc | | |
|---------|----------------|-------------------------------|--------------------|------------------------|----------------------------------|--------------------|------------------------|
| | | frequency | %shown Keywords | %shown All words | frequency | %shown Keywords | %shown All words |
| 1 | COMMUNITIES | 25 | 2% | 0.25% | 5 | N/L | 0.2% |
| 2 | MANAGEMENT | 28 | 2.6% | 0.3% | 10 | N/L | 0.3% |
| 3 | SUPPLIERS | 20 | 1.4% | 0.2% | 0 | N/L | 0% |
| 4 | SHAREHOLDERS | 14 | 1% | 0.1% | 3 | N/L | 0.1% |
| 5 | STAKEHOLDERS | 14 | 1% | 0.1% | 3 | N/L | 0.1% |
| 6 | GOVERNMENTS | 13 | 0.9% | 0.1% | 5 | N/L | 0.2% |
| 7 | SOCIETY | 17 | 0.7% | 0.017% | 1 | N/L | 0.03% |
| 8 | EMPLOYEES | 6 | N/L | 0.06% | 2 | N/L | 0.06% |
| 9 | Industry | 4 | N/L | 0.04% | 2 | N/L | 0.06% |

| | | | | | | | |
|----|-----------------------------------|---|-----|-------|---|-----|------|
| | <i>associations/ PARTNERS</i> | | | | | | |
| 10 | <i>INVESTORS</i> | 2 | N/L | 0.02% | 3 | N/L | 0.1 |
| 11 | <i>contractors</i> | 2 | N/L | 0.02% | 4 | N/L | 0.13 |

Quotation from Statoil website reads as follows:

Investor Centre: Here you will find the company's results and other information relevant to the share price of the company.
 (<http://www.statoil.com/en/investorcentre/pages/default.aspx>; Published 2009-09-18, 14:56 CET. Updated 2015-05-11, 13:59 CET).

Table 4: Stakeholder Attribute and Stakeholder Salience

| S / N | Word Naming | Stakeholder Attributes | | | Type of Stakeholder | Stakeholder Salience | | |
|-------|--|------------------------|-------------|----------|---------------------|----------------------|------------------------------|-----------------------------|
| | | Pow er | Legit imacy | Urge ncy | | Latent low Sali ence | Expectant Moderate Sali ence | Defi nitiv e High Sali ence |
| 1 | <i>Local Communities</i> | √ | √ | √ | Definitive | X | X | √ |
| 3 | <i>Suppliers</i> | √ | √ | X | Dominant | X | √ | X |
| 4 | <i>Shareholders</i> | √ | √ | √ | Definitive | X | X | √ |
| 6 | <i>Governments</i> | √ | √ | √ | Definitive | X | X | √ |
| 7 | <i>Society</i> | X | √ | X | Discretionary | √ | X | X |
| 8 | <i>Employees</i> | √ | √ | √ | Definitive | X | X | √ |
| 9 | <i>Industry Associations/ Partners</i> | X | √ | √ | Dependent | X | √ | X |
| 10 | <i>Potential INVESTORS</i> | √ | √ | X | Dominant | X | √ | X |
| 11 | <i>Contractors</i> | √ | √ | X | Dominant | X | √ | X |

Stakeholder Management Strategies

The stakeholder management in both companies was found to be associated with sustainability reporting, marketing and promotional, corporate governance, stakeholder engagement and Corporate Social responsibility (CSR) practices that enhance shareholder’s and investors’ long term value. Sustainability and governance themes were seemed to explain how the oil and gas companies respond to different stakeholders in way CSR principles and practices were

proposed. Quotations from the website of Swala and Statoil companies read as follows:

Sustainability challenges are often too complex and wide-reaching to be solved by one organisation alone. Cooperation among different stakeholders is therefore a prerequisite to create lasting value for those whom we affect in society.

Swala's Corporate Social Responsibility ("CSR") encompasses the management of relationships with shareholders, employees, contractors and the communities in areas where the company works, together with the impact on society and the environment.

Definite and external stakeholders such local community and government were revealed to be managed by using multiple methods, which included devoted CSR practices and engagement mechanism, while discretionary stakeholders were managed with discretionary CSR practice. According to Mitchell et al., (1997; 2003) stakeholder model, discretionary stakeholders are managed under discretionary CSR. This might explain why words 'society' and 'stakeholder' on the website appeared more in sustainability and governance sections (see Table 3 and Table 4). These two sections were on Corporate Social Responsibility center of oil and gas companies for the benefit of the society. That the management of society as stakeholder is based on the discretionary CSR strategy and procedure to ensure legitimacy and sustainability of the oil and gas company's operations.

Table 5: Stakeholder Management Strategy: International Company

| S/ N | WORD NAMING | THEMES WEBSITE | | | | | | Total |
|---------|------------------------------------|----------------|-------------------------|-----------------------------------|-----------|--------|-------|-------|
| | | Operational | Technology & Innovation | Sustainability & Governance & CSR | Investors | Career | Media | |
| 1 | COMMUNITIES | 0 | 0 | 25 | 0 | 0 | | 25 |
| 2 | MANAGEMENT | 0 | 2 | 28 | 0 | 0 | | 28 |
| 3 | SUPPLIERS | 1 | 4 | 15 | 0 | 0 | | 20 |
| 4 | SHAREHOLDERS | 0 | 0 | 11 | 3 | 0 | | 14 |
| 5 | STAKEHOLDERS | 0 | 0 | 14 | 0 | 0 | | 14 |
| 6 | GOVERNMENTS | 0 | 0 | 13 | 0 | 0 | | 13 |
| 7 | SOCIETY | 1 | 0 | 16 | 0 | 0 | | 17 |
| 8 | EMPLOYEES | 2 | 0 | 4 | 0 | 0 | | 6 |
| 9 | Industry associations/ PARTNERS | 0 | 1 | 5 | 0 | 0 | | 4 |
| 10 | INVESTOR | 0 | 0 | 1 | 2 | 0 | | 3 |

| | | | | | | | | |
|-----------|--------------------|---|---|---|---|---|--|---|
| | <i>S</i> | | | | | | | |
| 11 | <i>contractors</i> | 0 | 0 | 2 | 0 | 0 | | 2 |

Table 6: Stakeholder Management Strategy: Local Company

| S/N | WORD NAMING | WEBSITE THEMES | | | | | | Total |
|-----------|------------------------------------|---|------------|--------------------|---|-----------|----------|-------|
| | | Home: Sustainability & Governance & CSR | | Operations/ Assets | | Investors | Contacts | |
| | | Company | Governance | CSR | | | | |
| 1 | COMMUNITIES | 2 | 0 | 3 | 0 | 0 | 0 | 5 |
| 2 | MANAGEMENT | 2 | 1 | 1 | 0 | 0 | 0 | 4 |
| 3 | SUPPLIERS | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 | SHAREHOLDERS | 0 | 2 | 1 | 0 | 0 | 0 | 3 |
| 5 | STAKEHOLDERS | 0 | 1 | 2 | 0 | 0 | 0 | 3 |
| 6 | GOVERNMENTS/ministries | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| 7 | SOCIETY | 0 | 0 | 1 | 0 | 0 | 0 | 1 |
| 8 | EMPLOYEES | 0 | 1 | 1 | 0 | 0 | 0 | 2 |
| 9 | Industry associations/ PARTNERS | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| 10 | INVESTORS | 0 | 2 | 0 | 0 | 1 | 0 | 2 |
| | <i>contractors</i> | 0 | 2 | 1 | 0 | 0 | 0 | 2 |

CONCLUSION

The main objective of this study was to investigate why and how managers of oil and gas companies manage their stakeholders in the emerging economy. The paper specifically explored and identified groups of stakeholders, their attributes and salience together with firms' strategies towards achieving organisational goals in the oil and gas industry in Tanzania. The study used stakeholder theory to understand stakeholder management in the oil and gas industry. The study adopted content analysis methods to analyse published website information, content and text of two oil and gas companies that operated in Tanzania. The motivation of the research objectives was the peculiar nature, operations and

challenges of the industry and its newness in the emerging economy especially in Tanzania.

The content analysis found that ten groups of stakeholders appeared explicitly in the published information of selected oil and gas companies' websites. The stakeholders included local community, shareholders, employees, government, suppliers, industry's association/partners, investors and society. The content analysis also revealed that local community, shareholders, employees and governments had definitive salience and priority on the eyes of managers because they possessed all stakeholders's attributes such as power, urgency and legitimacy. For example; symbolic and coercive powers prevailed in local communities and their stakes and claims that created urgency that was perceived as important by managers; namely, health, social, security, and environmental risks due to the nature of the operations of the firms. This is informing the local content of Tanzania that there is important to create a framework that meets the peculiar needs of oil and gas producing communities and reduce relational frictions in the operating environment and to completely overhaul the fiscal system that hitherto governed revenue sharing from oil and gas operations in the country (Chinweze, 2015)

Suppliers and investors were found to be expectancy-dominant stakeholders because they possessed only two stakeholder attributes; namely, power and legitimacy; and they lacked urgency. It is argued by Mitchell (1997) that dominant stakeholders will have some formal mechanisms in place that acknowledge the importance of their relationship with the firm. This was evidenced by this study that in both websites, there were bars or themes for investors, it was called investors' center. Industry associations were expectant-dependent stakeholders because they have legitimate claims and urgency but lacked power to excise. On the other hand, general society was found to be a latent-discretionary stakeholder because of its legitimate claims, but lacked power and urgency to be exercised. It was revealed that the society gain power through civil society and gain urgency attributes if their claims are associated with environmental problems and risks. The interesting findings are on nature of power and urgency that oil and gas stakeholders possessed.

The study also explored the firms' stakeholder management strategy. Corporate governance, marketing and promotion, sustainability reporting and Cooperate Social Responsibility practices were found as the main strategies that were used by oil and gas companies to manage their relationships with stakeholders for firms' performance. Moreover, the findings revealed that the oil and gas companies managed stakeholder relationship with government, industry association/partners, suppliers, shareholders and employees by using corporate governance and sustainability reporting strategy and principles. The companies managed the relationships with those stakeholders through corporate governance structures and principles such as policy and regulative framework committees

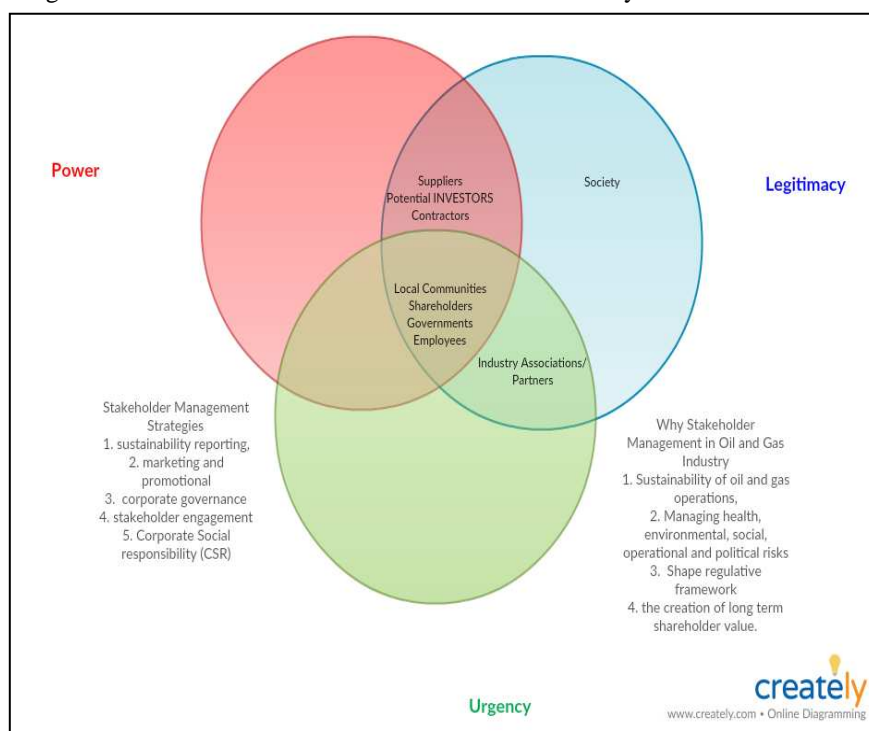
and centers, standards, and corporate values and ethical guidelines. Furthermore, the companies engaged themselves in different local and international association which deals with promoting good practices and standards within the oil and gas industry in order to ensure safe, secure and sustainable operations.

Furthermore, the companies used CSR strategies and practices to manage their relationships with local communities and society in general. However, the study found that the existence of discretionary rather than legal CSR practices by the companies such as provision of sponsorships, donations and conferences to different groups, job creation and capacity building to local communities in creating business opportunity and entrepreneurship and sponsorship on the winning business plan. The findings are being consistent with study by Lebura (2013) who found that in Nigeria CSR is a social obligation (discretionary CSR) rather legal obligation owed to the host communities by the oil companies. On the other hand, sustainability reporting, marketing and promotion strategies were used to manage relationship with investors whereby the promotion of share prices and company images were presented and described in the investment center by both companies.

The study also revealed the objective of managing stakeholders by responding to 'why stakeholder management in oil and gas industry'? The findings of this indicated that the objectives of stakeholders' management by oil and gas companies; firstly, was for sustainability of oil and gas operations; secondly, was for managing risk and for engagement; thirdly, for dialogue that shape regulative framework (Figure 2); and, finally, for the creation of shareholder long term value that appeared.

The study is recommending that the national oil and gas local content should be constructed after understanding the nature, demand and interest of stakeholders and their inter-relations for proper management of the industry and to control resources curse. Moreover, the local and international oil and gas companies and local management should understand the nature and demand of their stakeholders and set a clear stakeholder management strategies that can result to attractive local content and firms' longterm value. The study implies that stakeholder theory, CSR theories, and institutional theory, RBT are relevant for stakeholders' management in oil and gas companies. The future research can be done to broaden the findings by employing a quantitative research approach to get a conclusive understanding of stakeholders' management in Oil and Gas Industry in Emerging Economies.

Figure 2. Stakeholder Model for the Oil and Gas Industry in Tanzania



Source: Developed from the Stakeholder Model by Mitchell et. al., 1997 and the study findings.

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