

When lobbying backfires

A qualitative case study of a failed lobby campaign

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A B S T R A C T

This thesis studies lobbying theory and stakeholder theory with basis in one qualitative case of a failed lobby campaign for tax amendments conducted by the Norwegian oil industry between 2002 and 2004. The research material indicates that the oil industry's relations with central political actors became strained as a result of the intense lobbying towards government and Parliament. It furthermore uncovers conflict between the relationally focused stakeholder theory and the result oriented lobby theory and practice, revealing the immanent danger that lobbying might backfire and damage the lobbyist's relations with the actors he or she tries to influence. A theoretical framework for contextually based stakeholder identification is proposed in order to adapt these theories to one another.

S A M M E N D R A G

Denne masteroppgave studerer lobbyteori og interessenteori, med utgangspunkt i oljeindustriens mislykkete lobbykampanje for endringer i skatteregime i perioden mellom 2002 og 2004. Det empiriske materialet avdekker at oljeindustriens relasjoner med sentrale politiske aktører ble slitt som følge av den intense lobbyvirksomheten mot regjering og Storting. Videre avdekkes motsetninger mellom den relasjonelt fokuserte interessenteorien og den resultatorienterte lobbyteorien, samt en iboende fare for at lobbyvirksomhet kan slå tilbake og skade lobbyistens relasjoner til de han eller hun forsøker å påvirke. Et teoretisk rammeverk for kontekstbasert identifikasjon av interesser foreslås for å tilpasse disse teoriene til hverandre.

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PART 1

1. INTRODUCTION

As society has become increasingly more public and mediated, public relations have spread throughout government, business and organizational society; making its way into as different arenas as governmental policy, corporate boardrooms and environmental activism. It is at the same time a profession, a set of techniques and a factor to be reckoned with in the public domain.

Lobbying, the practice of influencing political decision-makers, has also increased, and will here be treated as a sub-activity of public relations. Although no new form of influence, lobbying has clearly grown in step with modern pluralistic society. A political landscape where different interest groups compete for the attention of politicians, and in many cases of public attention, makes lobbying, and public relations in general, an important set of skills in the struggle for scarce benefits. Private organizations and groups must try to influence the political processes between elections to attain these benefits, a task which involves extensive information gathering, strategic planning and media handling. At the same time, the organization must coexist with its environment, preferably in a mutually beneficial way. This implies a continuous communicating with and taking into consideration of in principle every conceivable group on which the activities of the organization may have effect or whose activities may affect the organization. Such groups, or stakeholders, may be government, employees, local community, shareholders, members; the list goes on. This stakeholder philosophy is central in modern public relations and management literature, such as Carroll & Buchholtz (2003), Freeman (2002), and Mitchell et al (1997).

This Master's thesis will discuss stakeholder and lobby theory in light of a qualitative case study, and propose adjustments in order to adapt the result oriented lobby theory to the relationally oriented stakeholder theory, thus improving both theories' accuracy and relevance for lobbying. I will, in order to investigate this, conduct a thorough study of a lobby campaign which the oil industry, and in particular the Norwegian Oil Industry Association (hereafter the OLF) and major petroleum company Norsk Hydro (hereafter Hydro), conducted between 2002 and 2004. The goal of the campaign was basically to achieve a special tax reduction on all new oil fields on the Norwegian continental shelf, special tax being an extra tax on particularly profitable oil fields. The industry failed to meet their goal. The reasons for this failure are indeed many and complicated, but it seems as if

they may have made mistakes concerning their choice of lobby strategies, choice of arguments and communication with their stakeholders.

1.1 BACKGROUND AND CHOICE OF SUBJECT

The petroleum industry's importance to Norwegian economy, society and welfare is indisputable (Sejersted 2002). In 2004 the petroleum sector provided as much as 21 percent of the country's gross domestic product. In 2004 net cash flow from the Norwegian petroleum sector to the state amounted to as much as 28 per cent of total revenues. It is the largest industry in Norway, and, according to the petroleum industry, accountable for 21 per cent of the national value creation (Oljedirektoratet 2005: 15-16). In 2003 the industry employed as many as 16 300 people in the oil industry and 60 300 people in the related contractor industry (Oljeindustriens Landsforening 2004b: 10). These figures illustrate how crucial this industry is to Norway. The oil industry's attempts to influence petroleum tax policy represents an interesting case from a societal point of view. It is difficult to estimate the total cost of such a campaign, but the OLF has an annual budget of 115 million NOK, and most of their time and effort were put into the lobby campaign when it was at its most active. In addition comes 10 million NOK spent on external consultant work (*Dagens Næringsliv* 07.05.2004b).

Being a recent example of lobbying directed at the highest levels of government and Parliament by a resourceful cluster of actors makes the campaign a useful study of lobbying. The closeness in time makes empirical material attainable, while the resources available to the lobbyist and the level of governmental and parliamentary bodies involved implies that a variety of tactics and political actors available to the study. How Norway's possibly most powerful and most profitable industry tried and failed to persuade government and Parliament is certainly an interesting subject for a study.

1.1.1 An overview of the organizations and the campaign

Before commencing the main discussions, a brief overview of a few central associations and organizations is necessary, namely the OLF, Kon-Kraft and the Senior Management Forum. The OLF is the trade association of oil companies and contractors on the Norwegian continental shelf. Its primary task is to "[...] protect the members' mutual interests in dealing with government, employee's organizations, other national or international institutions, organizations and society at large [...]" "and to "[...] be a gathering, effective and potent organization and act as the petroleum industry's primary voice on issues concerning the industry" (Oljeindustriens Landsforening 2004a:

10). This implies among other things to “[...] work for better framework conditions for the members [...]” The OLF has 74 members, of which there are 29 oil and gas companies and 52 contractor companies (Oljeindustriens Landsforening 2006a [online]). They administer a staff of 44 and an annual budget of approximately 115 million NOK (Oljeindustriens Landsforening 2006b [online]). The OLF ended up as the spearhead of the Tax Campaign.

Kon-Kraft is described as a process rather than an association, and is wide coalition implementing the whole industrial cluster on the Norwegian Shelf. Its goal is to strengthen the competitive power of the Norwegian continental shelf as well as that of the contractor industry (Kon-Kraft 2003c: 5). In 2003 Kon-Kraft instituted three projects: the Tax Project, the Reputation Project, and the Activity Project. The main recommendations were that a separate reputation forum be established, that new areas be opened for gas and petroleum exploitation and that changes be made in the tax regime (Kon-Kraft 2003c; Kon-Kraft 2003b; Kon-Kraft 2003a). A fourth project on the cost of production on the Norwegian shelf followed in 2004 (Kon-Kraft 2004). The Tax Project, which is central to this study, was led by Executive Vice President Tore Torvund from Hydro, and included representatives of the oil companies, The Norwegian Confederation of Trade Unions (LO), the Federation of Norwegian Engineering Industries (TBL), the Norwegian Ship Owner’s Association, the OLF and Kon-Kraft (Kon-Kraft 2003c).

Kon-Kraft is led by the Senior Management Forum, which is an arena for dialogue between government and the industry and at the same time give necessary weight to Kon-Kraft. The Senior Management Forum was established in 2000, with every branch of the petroleum industry represented and the Minister for Petroleum and Energy as its Chairman (Olje- og energidepartementet (Olje- og energidepartementet 2006 [online]).

The campaign must be seen against the background of an increasing worry in the oil industry, that the activity on Norwegian shelf would decrease dramatically (Kon-Kraft 2003a). The 1998 drop in oil price to ten dollars per barrel only increased that concern (*Dagens Næringsliv* 24.08.2004). As an answer to the general unhappiness in the oil sector, an official evaluation was conducted on the taxation of this industry, which, much to the oil companies’ dismay, concluded with recommending a tax increase (NOU 2000: 18). In the wake of these events and circumstances the oil industry and the

OLF, with the support of other actors on the Norwegian shelf, initiated the lobby campaign for reduced special tax in 2002. The arguments of the campaign were, briefly summarized, that:

1. Norwegian oil fields have become too small to be attractive for major oil companies.
2. A reduced special tax would lead to increased activity and thus increase total revenue.
3. Without lowered taxes many oil fields would have to be shut down before strictly necessary.

In the end the oil industry met little understanding with most parliamentary politicians, the Ministry of Finance, the Ministry of Petroleum and Energy (hereafter the OED), and the press. Taking into consideration the resources allocated during the campaign, the lack of substantial results, and the criticism that followed, one must conclude that the lobby campaign was a failure, and journalists were soon asking whether the campaign had damaged the industry's reputation (*Aftenposten* 20.12.2004; *Dagens Næringsliv* 24.12.2004). For the purpose of analysis, this campaign will be referred as the Tax Campaign.

1.1.2 Theoretical framework

Lobbying and stakeholder theory are two recurring terms throughout this thesis. To present preliminary working definitions of the terms, one can say that lobbying is organized attempts to influence political decision makers. Stakeholder theory focuses on organizations' relationships with surrounding groups vital to their activities. I have chosen to apply lobbying theory and stakeholder theory for the following reasons: Firstly, the case discussed in this thesis offers examples of interest group lobbying, and lobbying theory can clearly be applied. Secondly, I believe that stakeholder theory should be applied in order to investigate the oil industry's lobbying efforts from a stakeholder perspective, thus testing lobbying practice and theory against stakeholder theory.

Magne Haug & Haavard Koppang describe a company's ability to influence legal and economic issues as vital for its future, which has led to a development where: "Public affairs, lobbying and government relations are the fastest growing specialities in public relations" (Haug & Koppang 1997: 235). In Scandinavia there is furthermore a tradition for insitutionalized contacts between organizations and government, referred to as *corporatism* (Espeli 1999: 19; Uhrwing 2001: 29). A number of Norwegian studies have indeed shed valuable light on lobbying activities, first and foremost those directed at Members of Parliament (Gullberg 2002; Espeli 1999). Others have entered into more terminological discussions on the subject (Gabrielsen 1999; Helland 1999). Still,

these scholars have a social scientific approach to their studies. What seems to be lacking in Norwegian literature in this field is a study of lobbying where the main focus is lobbying as a form of communication and a public relations' activity. Although all the above mentioned scholars indeed acknowledge the communicative aspect of lobbying, none of them (Haug & Koppang excepted) can be said to work from within the field of public relations research.

At the theoretical core of my thesis lies, as previously indicated, a discussion of the necessity of a stakeholder focused lobbying theory. There seem to be weaknesses in lobbying theory when it comes to stakeholder consciousness. With Miaa Jaatinen (1999) as probably the clearest exception, most lobbying scholars focus on the isolated attempts of influencing the decision makers directly, for instance Espeli (1999), Gullberg (2002), and Miller (1987). I will follow Jaatinen's premise that actors, or stakeholders, other than the political decision-makers may prove important in influencing the decision, making the idea of a strictly bilateral relationship between decision-maker and lobbyist too narrow. The process of influence prior to a political decision is, still following Jaatinen, much more complex than the notion of communication between two actors.

From this point of view, the main weakness of the bulk of available lobbying theory is that it generally fails to take into consideration the relationships with stakeholders other than politicians. As for the leading stakeholder theory (e.g. Freeman 2002; Mitchell et al 1997), despite its profile as an all-encompassing theoretical and practical framework when it comes to the groups and individuals of importance to the organization, it is not very specific about such active, well-planned attempts to influence specific stakeholders' decisions and opinions as lobbying essentially is. That being said, given the premise that external actors may play a part in influencing the results of lobbying activities, it seems nothing short of obvious that stakeholder theory can be applied in the analysis, mapping and possibly even planning of lobbying activities. This implies adapting them to each other.

1.2 RESEARCH QUESTIONS

Since it incorporates both lobbying and stakeholder theory, the subject of this Master's thesis is rather comprehensive. I shall therefore narrow it down by asking the following research questions:

- 1) *Which lobbying strategies and tactics did the oil industry apply in order to achieve reduced special tax in the period between 2002 and 2004?*

- 2) *Who were the oil industry's stakeholders in this particular case, and how did the oil industry act strategically in relation to these stakeholders?*
- 3) *Did the lobbying efforts influence the oil industry's stakeholder relations?*

Due to the comprehensiveness of the theory applied, a strict focus is has been necessary throughout the study. My focus is strategic. This implies that I lean on Ihlen's & Robstad's three-point description of a strategic plan: 1) What does the organization seek to achieve, 2) what means will it use to achieve it, and 3) which priorities does it make concerning resources in order to achieve that goal (Ihlen & Robstad 2004: 80). I will therefore not discuss ethical aspects concerning stakeholder, lobbying and public relations theory, or the case itself. I base my study on the assumption that public relations in general and lobbying in particular are totally legitimate and ethically sound ways of communicating in accordance with democratic norms and laws. That does not mean that I do not find ethically founded discussions important, only that I find it necessary to restrict myself to the strategic aspect for the matter of the study. The findings will therefore be discussed according to effectiveness.

2 . T H E O R Y

2.1. PUBLIC RELATIONS

What is public relations? Defining public relations is important since I place both lobbying and stakeholder management under the public relations umbrella. There is a large number of definitions circulating in the theoretical and practical field of public relations (Ihlen & Robstad 2004). Cutlip, Broom & Center define public relations as "[...] the management function between an organization and the publics on whom its success or failure depends" (Cutlip et al 1999: 6). Other well-known definitions would be those presented by Robert L. Heath (2001) and James E. Grunig (1992). Heath defines public relations as:

[...] the management function that rhetorically adapts organizations to people's interests and people's interests to organizations by co-creating meaning and co-managing cultures to achieve mutually beneficial relationship (Heath 2001: 36).

Grunig describes public relations as:

[...] the overall planning, execution, and evaluation of an organization's communication with both external and internal publics – groups that affect the ability of an organization to meet its goals (Grunig 1992: 4).

Ihlen uses another definition to sum up the most commonly used definitions: ” [...] all communication efforts of an organization to negotiate its relations with actors in the field(s) where it itself is an actor” (Ihlen 2004b: 15).

These definitions display important differences. Cutlip et al (1996) focus on the organization and its publics, but refer to a management function instead of communications. This gives an impression of an instrumental attitude concerning the organization’s publics. They furthermore restrict the public relations function to the groups that have a direct impact on the organization’s success or failure, which I believe is far too narrow considering the definition of stakeholders I have chosen to apply, and which will be explained in more detail below. Cutlip et al’s definition is a bit too simple in the sense that it fails to see that different groups influence the organization’s goal attainment to different degrees. Heath focuses on the relations between the organization and people. Although he stresses there should be symmetry in this relationship, he also uses the term management function instead of communication, which may seem slightly odd due to Heath’s normative and rhetorically founded public relations philosophy (Heath 2001; Ihlen & Robstad 2004: 122). Grunig’s (1992) definition is very clear about public relations as a form of communication. He also modifies the goal attainment aspect by referring to groups that affect the organizations ability to meet its goals. With the inclusion of internal groups, like for instance employees, Grunig opens the public relations term to what would otherwise be described as organizational communication, which there is little support for in the other definitions. Like Grunig, Ihlen (2004b) is explicit about public relations as communication. He furthermore states that the relationships with other relevant actors are the goal of public relations.

While some of the scholars mentioned refer to the organizational goals as something outside of the organization and its publics/stakeholder, and on which the latter can have a positive or negative effect, it seems to me that an important addition is that the relationship may in itself be an objective. All communication between environment and organization is not necessarily strategic in the sense that it seeks to reach specific, measurable goals, but all such communication is public relations. Sometimes the relation is the goal in itself. One could argue that the organization’s aim is always ultimately to fulfil its goals and that every communication it indulges in seeks in the end to reach those goals. Such an argument does nevertheless seem a bit simplistic because a modern organization is likely to have multiple goals in addition to that of making money for its owner; for instance a favourable reputation, valuable government contacts etc. These are goals which are measured by

another standard than traditional business goals. They fail to see the organization as a part of society, which necessarily must communicate with other actors. If one wants to look strategically at it this, such relations investments might prove valuable in the future, but their strategic relevance may still be unknown.

Without following this discussion further, I find it reasonable to believe that such non-pecuniary goals are measured at least partly by whether the communication manages to maintain the interests of both organization and external group, in a mutually satisfactory manner. This criteria will be more thoroughly discussed in chapter 2.3.4. It does furthermore seem likely that organizations sometimes have to, willingly or not, communicate about issues not directly related to their primary goals. This would still be public relations. On a general level, Cutlip et al's (1996) and Grunig's (1992) definitions seem organization-centred, while Heath's (2001) and especially Ihlen's (2004b) are society-centred. To conclude this discussion, I propose a definition of public relations for use in this thesis which is a merging of Ihlen's and Grunig's definition: *All communication efforts of an organization to reach specific goals or to create relations or negotiate its relations with relevant stakeholders.*

Although largely following Ihlen's language and tenor, I add the *reaching of specific goals* since this after all is important to at least most non-governmental organizations in some way or another. I also add *create relations* to the definition to stress that already existing relations are not the only ones in question. In dealing with lobbying theory and stakeholder theory it is my position that they both fit under the umbrella of public relations theory. They are both organizational communication efforts and they do both indeed seek to establish or negotiate relationships, and reach specific goals. In the case of stakeholder theory the relation is the focus in itself. In the case of lobbying the relation is in itself not the primary objective, but the attempts to influence works through relations. So although results are the primary goal of lobbying, the relations are means rather than ends. In general one can say that stakeholder theory is relationally focused, while lobbying theory is strategically focused.

2.2 STAKEHOLDER THEORY – AN OVERVIEW

Since stakeholder theory is the more encompassing of the two theoretical fields, I will start with a brief explanation of its tenor, based on central scholars.

2.2.1 Stakeholders defined

The term stakeholder derives from the term *stake* which Carroll & Buchholtz explain as:

[...] an interest or share in an undertaking. [...] The idea of a stake [...] can range from simply an interest in an undertaking at one extreme to a legal claim of ownership at the other extreme. In between these two extremes is a right to something.” (Carroll & Buchholtz 2003: 69)

A stakeholder thus has a stake in the organization or its activities. Mitchell, Agle & Wood outline a chronology of the history of the term stakeholder, tracing it back to a 1963 Stanford Research Institute memo, which defines stakeholders as ”those groups without whose support the organization would cease to exist” (Mitchell et al 1997: 858). Since then, and especially for the last fifteen to twenty years, there has been disagreement among scholars as to the meaning of the stakeholder term (Jones et al 2002: 19). The definition which is probably most often referred to is that of Freeman, saying that a stakeholder is ”any group or individual who can affect or is affected by the achievements of an organization’s purpose.” (Freeman 2002: 108) As Mitchell et al’s overview clearly shows, there have been made quite a few contributions and amplifications concerning the term (see for instance Carroll & Buchholtz 2003: 70; Thorne McAlister et al 2005: 35), Freeman’s definition encompasses these in a way that still makes it a valid definition. I believe Freeman’s classical definition is both apt and comprehensive, and highly applicable for this case.

2.2.2 The stakeholder concept and its philosophy

The key to the stakeholder approach and stakeholder theory is trying to understand the organization *in* its environment (Mitchell et al 1997: 855). Ihlen sums up the philosophy behind the stakeholder concept: ”The basic idea is that an organisation’s success depends on how it is able to manage its relationships with key groups [...] that can affect its ability to reach its goals.” (Ihlen 2004a: 6) These groups are the organization’s stakeholders. With the above mentioned definitions of public relations, especially those of Cutlip et al and Grunig, in mind, it becomes clear that stakeholder theory lays close to the heart of much the dominating public relations theory. An important premise for many scholars is that the organization does not choose which groups are their stakeholders, but the other way around:

Analyzing stakeholders in terms of the organization’s perceptions of their power and stake is not enough. When organizational perceptions are out of line with the perceptions of the stakeholders, all the brilliant strategic thinking in the world will be to no avail (Freeman 2002: 117).

Grunig & Hunt (Grunig & Hunt 1984) do not use the term stakeholders the way Freeman does. Although Grunig & Repper (Grunig & Repper 1992) later combines the stakeholder concept with their publics concept, Grunig & Hunt do do go far in dismissing stakeholder theory as inferior to

their publics theory, which will be discussed in more detail later. But at the same time they claim that the stakeholder theory is almost the same as their theory of linkages and publics:

The concept of a stakeholder [...] is almost identical to our concept of linkages and publics [...]. The stakeholder concept seems less precise to us, however, and less able than our four linkages and our idea of organizational consequences to identify the key publics – the key stakeholders of the organization (Grunig & Hunt 1984: 298).

The linkages concept does in fact have a lot in common with the stakeholder concept, and it may be more confusing than clarifying to treat these theories as separate, a point Ihlen does not fail to make (Ihlen 2004a). Grunig's and Hunt's classification of organizational linkages is between 1) *normative linkages*, 2) *enabling linkages*, 3) *functional linkages*, 3a) *input* 3b) *output* and 4) *diffused linkages* (Grunig & Hunt 1984: 141).

Many stakeholder maps are in comparison equally and even more detailed, naming specifically groups like competitors, political groups, shareholders, employees, trade unions etc. (see for instance Carroll & Buchholtz 2003: 73; Crane & Matten 2004: 51; Thorne McAlister et al 2005: 37). What, in my opinion, makes Grunig & Hunt's map stand out is that:

The model draws attention to two important aspects: Firstly; *who* are the organization's stakeholders [...], and secondly; *what* kind of relations are there between the organization and its different stakeholders (Ihlen & Robstad 2004: 46).

The focus on linkages and relations firstly and groups secondly gives the impression that the list of examples of groups provided in Grunig's & Hunt's model are not exhaustive. The extreme similarity between their linkages concept and the fact that Grunig & Repper (1992) incorporates stakeholders in their publics theory, makes one wonder if their linkages theory and stakeholder theory must not be treated as the same, or at least as two different approaches to describing the same phenomenon. Ihlen & Robstad seem to support this conclusion by in fact referring to Grunig's & Hunt's model as a stakeholder theory model (Ihlen & Robstad 2004: 45).

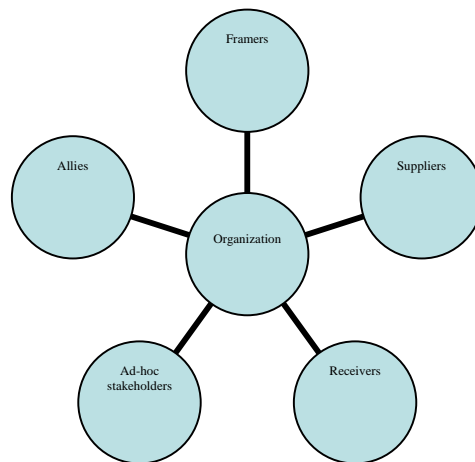
Most of the above mentioned models are in comparison very specific about the traits of their stakeholder groups, but less so about the nature of their relationship with the organization. Freeman does indeed concern himself with the *transactions* between organization and stakeholder: "[...] how do the organization and its managers interact with the stakeholders?" (Freeman 2002:122). Still Grunig's & Hunt's model manage to create a framework that incorporates both the relationship between organization and stakeholder, and the type of stakeholder groups an organization is

surrounded by. This makes their model a framework rather than a definite chart. Since it primarily focuses on relations, the actual groups are exchangeable depending on the type of organization.

Ihlen & Robstad present a model where they rename the linkages of Grunig & Hunt, specifying the role the different stakeholder categories play in relations with the organization. Enabling linkages are named *framers*, functional input linkages are named *suppliers*, functional output linkages are name *receivers*, normative linkages are names *allies*, and diffused linkages *ad-hoc stakeholders*. They explain the different groups this way:

Framers grant or are in a position to grant the organization the frames requires for its continued existence (economy, acceptance, support etc). [...] *Suppliers* are those stakeholders on whom the organization depend upon for deliveries. [...] *Receivers* are those stakeholders whom the organization supplies [...]. *Allies* are stakeholders with common interests, who faces similar challenges or share the same values as the organization. These are stakeholders from whom the organization could benefit from collaborating with [...]. *Ad-hoc stakeholders* are a kind of pool for individuals or groups committed to specific issues or aspect of the organizations activity (Ihlen & Robstad 2004: 46).

This way Ihlen & Robstad rearticulate the linkages theory of Grunig & Hunt, bridging publics and stakeholder theory



Model 2.1 Stakeholder map adapted from Grunig & Hunt (1984) by Ihlen & Robstad (2004: 45).

Many scholars distinguish between *primary* and *secondary stakeholders*. Carroll & Buchholtz define primary stakeholders as those who ” [...] have a direct stake in the organization and its success and are therefore influential [...]” while secondary stakeholders' stake are ”[...] more representational of public or special interests than direct (Carroll & Buchholtz 2003: 71).” This places government in the category of secondary stakeholders. Thorne McAlister et al apply a definition where primary stakeholders are ”[...] groups fundamental to a company’s operations and survival [...]” and

secondary stakeholders simply are not so nor engaged in economic exchange (Thorne McAlister et al 2005: 39) (Note that the definition of primary stakeholders are almost identical to that of Stanford Institute.) There is a significant difference in the fact that Thorne McAlister et al count government as a primary stakeholder. In a European, and perhaps especially Scandinavian context, where state influence and ownership plays a more significant part in business and management than it does in the United States, it seems more accurate to consider government as a primary stakeholder (Crane & Matten 2004: 53).

2.2.3 Publics and issues

Some scholars refer to the term *publics* instead of or as well as stakeholders. Grunig & Repper (1992) describe publics as a level of management above stakeholder management. Earlier, Grunig and Hunt treated stakeholder theory as a not fully adequate theory in comparison with their publics theory (Grunig & Hunt 1984: 298). I will now describe the distinction between the terms stakeholders and publics, and later discuss why I choose the stakeholder term rather than the publics term.

The publics term, as used in this context, dates back to John Dewey's explanation of publics as groups of individuals with a common interest, a stake, in the organization, who recognise the importance of their stake, and decide to act (Dewey 1991). Ihlen & Robstad base their definition of publics on that of Dewey: "Publics are individuals and groups which more or less actively respond to the organization's activities (or parts of the activities) or what they represent (Ihlen & Robstad 2004: 47). Publics have, as Dewey's definitions points out, much in common with what I earlier described as primary stakeholders. The crucial difference is that publics show a certain degree of visible activity towards the organization. Publics are aware that they are being affected by the organization and decide to act in some way or other. Groups whose decisions affect the organization are also regarded as publics (Ihlen 2004a: 9). One can say they are responsive stakeholders.

Even when one looks closely at the terms stakeholders and publics it may seem difficult to draw a definite distinction between the two. Grunig & Hunt defines a public as a group of people who organize in order to face a common problem which they recognise (Grunig & Hunt 1984: 6) Jaatinen offers a lucid explanation of the terms (Jaatinen 1999: 20):

Stakeholders are those on whom the behaviour of the organization has some consequences and whose behaviour has consequences on the organization. Stakeholders are potential members of

publics. When individuals perceive that they are involved in what an organization does, that this constitutes a problem, and that there are no constraints on their actions, they may aggregate into active publics on that issue.

This use of the term issue harmonizes well with Robert L. Heath's much quoted definition of an issue as " [...] a contestable point of fact, value or policy that is problematic to one or more stakeholder groups whose position on the issue has consequences for the organisation's strategic plan and business operations (Heath quoted in Ihlen & Robstad 2004: 50)." Another definition is "[...] a political or social problem – a problem whose resolution creates conflict in political and social systems (Cobb & Elder quoted in Grunig & Repper 1992: 134). They construct a model with a stakeholder stage, a publics' stage and an issue stage in that sequential order (Grunig & Repper 1992). Stakeholders are, although constantly fluctuating, always present in the sense that the organization always has stakeholders. Publics emerge from the ranks of stakeholders.

Strategic publics [...] are the stakeholders that are critical, crucial, essential, important, or vital for an organization. Important publics can be those that threaten the organization. They also can be publics on which the organization has negative consequences but that do not yet have the power to constrain the organization (Ibid 123).

They gather because of and around specific problems in which they in some way or other have a common interest, and which have not been resolved. Problems are therefore the cause of publics and must be present in order to activate them, making issues out of unresolved problems (Ibid 146).

An issue may, according to Jaatinen's publics specific lobby theory, in turn generate a public dispute (Jaatinen 1999: 32). This means a controversy affecting primary negotiators as well as members of the public. It may involve many different interests and organizations and usually attracts a considerable amount of public and media attention. A latent dispute would, on the other hand, be quietly resolved between the lobbyists and the decision-makers, without much or any media attention or public debate.

2.2.4. Stakeholders or publics?

The overview of stakeholders and publics given above presents us with the problem of which term to apply for the analysis at hand. Although I have theoretically explained the traits and differences of both stakeholder and publics, it seems to me that they are not as easily separated after all. Publics are, according to the theory mentioned, characterized by being active, organized and recognizing the problem they are faced with (Grunig & Repper 1992). But the differences are not at all clear. When describing primary stakeholders, Thorne McAlister et al, simply states that these groups are fundamental to the organization's operations and survival (Thorne McAlister 2005: 39). As do Carrol

& Buchholtz (2003: 71). Neither do, however, separate between publics and stakeholders. One reason for this may be that these scholars operate within business management theory, while Grunig & Hunt (1984) and Grunig & Repper (1992) are more specific public relations scholars. That is hardly a satisfactory explanation.

An important question to ask is how important is it really whether the stakeholders are organized or active? Or rather; how meaningful is it to separate between stakeholders and publics on the basis of organization and activity. The distinction still seems diffuse. The fact that Grunig & Hunt refer to for instance *not relevant* and *latent publics* seems to muddle the question even more (Grunig & Hunt 1984: 145). How can publics possibly be both active and latent at the same time? Jaatinen tries, as mentioned in chapter 2.2.3, to clarify the difference between stakeholders and publics. Her explanation builds on Grunig's situational theory of publics, which is "[...] based on the assumption that populations can be separated into publics according to how passively or actively they communicate about an issue and how actively they try to support or constrain and organization's pursuit of its goals" (Jaatinen 1999: 20). This underscores another important aspect apart from organization and activity, namely communication. Communication with external groups, call them stakeholders or publics, is a key word in this thesis. One could certainly argue that it is clarifying to separate between stakeholders and publics and the basis of organization, activity and communication. In many ways it is. But there are still questions left unanswered. Grunig & Hunt state that: "The stakeholder concept seems less precise than our four linkages and our idea of organizational consequences to identify the key publics – the key stakeholders of an organization" (Grunig & Hunt 1984: 298).

An alternative is to separate between stakeholders based on the existence or degree of certain traits, rather than operating with two different categories of external actors, and an unclear distinction as to when the one turns into another. The framework constructed by Mitchell et al (1997), which will be thoroughly dealt with in the next sub-chapter, provides us with means of ranking stakeholders which, from a stakeholder theory point of view, may leave the publics term obsolete. Instead of looking for activity, organization and communication, Mitchell et al search for combinations of power, legitimacy and urgency, which results in three main categories of stakeholders instead of separating between stakeholders and publics as Grunig & Repper do (Grunig & Repper 1992) or like Grunig & Hunt referring mostly to publics (Grunig & Hunt 1984).

The traits activity, organization and communication are also present in Mitchell et al's (1997) theory, but implicit in power, legitimacy and urgency. Activity, for instance, contributes to the stakeholder group's power as well as the urgency of its claim, as does the group's level of organization. Communication has, first and foremost, to do with urgency. Grunig & Hunt (1984) also seem to miss the legitimacy factor included by Mitchell et al. In practice this could mean neglecting groups who have a legitimate claim towards the organization, but who do not themselves recognize the problem or are not organized in order to respond to it.

In other words, Mitchell et al's (1997) framework provides us with a useful method for determining stakeholder importance, without having to make the somewhat unclear distinction between stakeholders and publics. That being said, the publics theory of Grunig & Hunt (1984) has a lot going for it, perhaps especially through its focus on communication. The way the theory is articulated it appears to be very similar to that of the general stakeholder theory, although with a stress on communication. I will therefore continue to use their linkages model, but as a stakeholder model. The lack of communication in Mitchell et al's framework is, as mentioned, made up for by the introduction of power, legitimacy and urgency. The two theories seem to me to be different approaches and different sets of terms to the same field of research, which is categorization of and communicating with the organizational environment. I find it unfruitful to maintain the distinction between stakeholders and publics as different levels of the same theory. The criteria of publics identification seem too unclear, and one can imagine that such a distinction may lead to an undervaluing of stakeholders in comparison with publics. Mitchell et al give us instead this framework for gradual identification of the importance of the organization's external groups or individuals, stakeholders, from the most insignificant ones and all the way to the absolutely crucial ones. From now on, whenever I, quoting other scholars, use the term publics, it should be understood as stakeholders. The fact that public relations employees from the OLF as well as oil companies Statoil and Hydro use the stakeholder term further supports the use of that term from a practically grounded point of view (Halvorsen, interview, 01.11.2005; Steinum, interview, 03.11.2005; Aanestad, interview, 28.11.2005).

2.2.5 Which stakeholders matter?

The wide stakeholder definition I use leaves us with a seemingly infinite, unmanageable amount of stakeholders for the organization to taken into account. Even if one were to use Grunig's & Hunt's framework, it says little about the degree of importance of the stakeholder group for the organization. The categorization into primary and secondary stakeholders tries to deal with this, but still offers only two categories. "Stakeholder theory [...] offers a maddening variety of signals on how questions of stakeholder identification might be answered" (Mitchell et al 1997: 853). It seems unreasonable and impossible, both for organizations and for scholars, to approach stakeholder practice and theory without some sort of heuristic framework, regarding which directives should be used in order to identify stakeholders and rank them according to importance. By offering a more finely scaled theory of stakeholder importance based on the stakeholders' possession of certain attributes: power, legitimacy and urgency, Mitchell et al provide such a heuristic framework for identification and categorization of stakeholders (Ibid 864). This framework will be applied in the analysis of the case at hand. The attributes are the same as presented by Thorne McAlister et al (2005: 44-45). I refer only to Mitchell et al, though, because of their project of combining these attributes in order to create different classes of stakeholders.

First, a clarification of power, legitimacy and urgency according to Mitchell et al (1997: 864 - 866). Power is displayed when a part in a relationship is able to impose its will on the other part. This may be through force (coercive power), material or financial resources (utilitarian power) or symbolic resources (normative power). Legitimacy is to be understood as "[...] a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman quoted in Mitchell et al 1997: 866). Urgency refers to "[...] the degree to which stakeholder claims call for immediate attention" (Ibid 867).

To simplify one can say that the more attributes a stakeholder has, the more important it is for the organization to maintain good relations with it. The stakeholder class with all three attributes present would be named *definitive stakeholders*. The ones with only two attributes are categorized as *expectant stakeholders*. They can be further divided into *dominant stakeholders* (power and legitimacy present), *dependent stakeholders* (urgency and legitimacy present) and *dangerous stakeholders* (power and urgency present). The ones with only one attribute present are named *latent stakeholders*. They are further

divided into *dormant stakeholders* (only power present), *discretionary stakeholders* (only legitimacy present) and *demanding stakeholders* (only urgency present). Such a categorization may seem cynical from an ethical point of view, since for instance stakeholders who have both legitimate and urgent claims, but lack the power to exercise their claim, are not among the definitive stakeholders. I shall however not investigate such ethically founded questions. The focus maintained here is still on the strategies of the lobbying organization. Moreover, the categorization is not a restricting formula for classification of stakeholders, but a tool for identification or continuous re-evaluation of the organization's stakeholders based on power, legitimacy and urgency. It is a realistic stakeholder approach as it seeks to explain "[...] to whom (or what) managers pay attention" (Ibid 1997: 854). The combination of being both normative and positive is among the strengths of the model. The trait legitimacy is normative, as it assures that the stakeholders with a legitimate stake is taken into consideration. Legitimacy is, however, a question of one's point of view. A group may believe they have a legitimate claim, while the organization believes they do not. Adding power and urgency as key attributes supplies the organization with two additional scales for measuring stakeholder importance, thus increasing the chance that stakeholders are identified even when the organization do not recognize their legitimacy.

2.2.6 Summary of stakeholder theory

In this study I rely on the stakeholder term as presented by Freeman (2002), and in addition apply the heuristic framework provided by Mitchell et al (1997). Although I reject the notion of Grunig's & Hunt's (1984) and Grunig's & Repper's (1992) publics theory as superior to the stakeholder concept, I still rely on Grunig's & Hunt's linkages model, but adapted to stakeholder theory.

2.3 LOBBY THEORY – AN OVERVIEW

I here present an overview of prevailing lobbying theory and try to single out an understanding of the term that is appropriate for this thesis.

2.3.1 Lobbying and lobbyist defined

There exist a number of definitions of lobbying, many of which are partly overlapping. There are nevertheless small, but significant differences between them, possibly due to the nature of the scientific field in which they are conceived. This thesis will focus on lobbying as a communication. Lester Milbrath presents an early definition which acknowledges the communication aspect of lobbying: "[...]the stimulation and transmission of a communication, by someone other than a

citizen acting on his own behalf, directed at a government decision-maker with the hope of influencing his decision.”(Milbrath quoted in Jaatinen 1999: 12) He does in fact not only acknowledge that there are communication aspects to lobbying, but defines lobbying as essentially communicative. Espeli offers another definition:

[...] those attempts organized interests [...], or actors who act on behalf of these, make in order to influence the Parliament’s agenda, decisions or formal decisions through direct contacts and written or oral approaches to Parliament, its formal decision-makers and their advisors (Espeli 1999: 22).

These examples show that, in spite of significant differences, the similarities between the definitions are many. The definition of lobbying I have chosen to apply is largely based on that which Jaatinen presented in her doctoral dissertation

[...] lobbying is influencing political decision-making in the interest of a group by communicating with publics relevant to the political process of a certain issue. These publics are the political decision-makers and officials, competitors, the mass media, citizens, and the constituents of the lobbyist (Jaatinen 1999: 22).

The only differences are that, for reasons explained above, I use the term stakeholders rather than publics and that I in principle do not limit the actors relevant to the political process. The definition applied is therefore, using Jaatinen’s language: *Lobbying is influencing political decision making in the interest of a group by communicating with stakeholders relevant to the political process of a certain issue.*

When I have chosen this quite wide definition over other adequate definitions such as those of Milbrath (in Jaatinen 1999) or Espeli (1999), it is due to its explicitly concerning lobbying as an attempt of influence and as a communication, and because of its specificity concerning the different external actors, relevant to the making of a decision. With external I mean actors other than the lobbyist and political decision makers. The lobbying literature I have studied is united in the view that the purpose of lobbying is always to influence a political decision, making lobbying goal-oriented and strategically focused, rather than relationally focused. Influence is, adapting Mayhew’s definition: “[...] to hold or to have access to resources of persuasion [...]. The resources of persuasion include prestige, knowledge (information and arguments), trust, charisma, rhetorical skill, and access to network of communications [...]” (Mayhew 1997:52). Even when the objective of lobbying is a non-decision, for instance keeping an issue off the public agenda, that is also considered influence of a decision (Gullberg 2002: 12). The political decision is influenced through different ways of influencing the political decision-maker.

When using the word *lobbyist* I adapt Jaatinen's definition:

A lobbyist is a group of people organized on the ground of common interests to influence political decision-making. A person acting on behalf of the group and with delegated authority or commercial assignment is a representative (Jaatinen 1999: 15).

This means that both the person performing and the organization she represents are called lobbyists. Usually, I will only refer to the lobbyist, meaning the organization and whoever acts on its behalf as one entity, without making any distinction between the two. Espeli supports such a definition (Espeli 1999: 15). *Lobbying* should be understood as the actual communication and activity orchestrated in order to influence a political decision. *Lobbyism* refers to the practice and existence of lobbying in society in general. It is thus a term used to describe a political phenomenon. When defining a *political decision-maker*, I once again turn to Jaatinen: "A political decision-maker is a person who is target of lobbying and may be either legislator (parliamentary and/or government representative) or regulator (official)" (Jaatinen 1999: 15).

In lobby theory, an important distinction is made between *professional lobbyists* and *interest groups lobbyists*. Certain scholars try to narrow down the term lobbying. Knut Gabrielsen offers a definition where lobbying is restricted only to situations where a third party is hired by the interested party to act on its behalf and search to influence the process of decision-making (Gabrielsen 1999: 226). He separates *professional* lobbying from *traditional* lobbying, in order to make both terms more *manageable* (Ibid 223). Espeli also makes the distinction between *professional lobbyists* and *in-house lobbyists*, who are elected or employed by the organization (Espeli 1999: 16). But he furthermore points out that Norwegian organizations usually use the latter form of lobbyists, and initially abandons the distinction altogether. It is therefore my opinion that Gabrielsen's distinction is of little use in this context, and that on a larger scientific arena it could, if one were to focus predominantly on professional lobbying, lead to an overemphasis on only a small part of governmental and parliamentary lobbying. Espeli firmly supports this statement by referring to a 1995 survey:

The survey supports the notion that information consultants/professional lobbyists has only a small degree of direct contact with members of parliament and that they played only a marginal role in the total lobby activity in Parliament during the middle of the 1990s (Espeli 1999: 36).

Many consultants and public relations firms also claim that they prefer the clients themselves to make the contact with the decision-maker (Haug quoted in Gullberg 2002: 17). Such a distinction could therefore from a scientific point of view be regarded as a disservice, since it sacrifices totality for manageability. The distinction has, as mentioned, been erased in this study, due to the applied definition of a lobbyist as an entity of the organization and/or whoever acts on its behalf. If nothing

else it seems, for the sake of this case, irrelevant to make the distinction since the campaign studied involves in-house lobbying. Lobbying is therefore understood as any direct or indirect communication aiming to influence a political decision undertaken by an organized group or anyone acting on their behalf.

2.3.2 The lobbyist's strategies and tactics

Lobbying can be either *defensive* or *offensive*. Defensive lobbying seeks to abolish or amend already existing legislature, while offensive lobbying seeks to influence government to create a law (Kugler 2004: 74). Jaatinen states that the *lobbying strategy* of an organization is based on 1) a general communications policy and 2) strategic planning in specific issues (Jaatinen 1999: 52).

Assuming that the objective of the lobbyist is to influence the decision by influencing the decision-maker, the strategy can basically be either *direct* or *indirect*, in reality a combination of both. Jaatinen clarifies the difference in this manner (Ibid 118):

The strategy is of direct communication in relation to the decision-maker if it is directed at the decision-makers opinions and perceptions and in relation to other actors it is directed at influencing them. The strategy is of indirect communication in relation to the decision-maker if it is directed at his background factors or other participants to the political process but for the purpose of influencing the decision-maker.

An attempt to influence for instance the media or public opinion would still be considered indirect since the purpose ultimately would be to influence the decision-maker. Such indirect strategies are often also referred to as *outside strategies* or *outside lobbying* (Mayhew 1997: 225). Mayhew clarifies the difference:

Direct strategies rely primarily on lobbyist's capacity to give advice or warning about state of affairs in the domain under discussion. *Outside* strategies mobilize statements of support or opposition in order to persuade decision makers that the political costs and benefits of action supports compliance with lobbyist's recommendations [author's emphasis] (Ibid).

What Mayhew importantly emphasizes here is that the difference between direct and indirect lobbying not only comes down to the channels of influence used, but also the type of argument used.

Uhrwing offers a detailed overview of the different tactics the lobbyist may apply in order to implement her lobbying tactics (Uhrwing 2001 56-57). The list seems, however, to have minor omissions and is therefore complemented with points from Jaatinen (Jaatinen 1999: 125):

Table 2.1 Direct tactics:

Official collaboration initiated by the state: Participation in committees and evaluations, boards and councillorly bodies of government.

Official consultation initiated by the state: Participation in reference groups, hearings, and similar consulatory initiative from the state.

Official contacts initiated by the organization: Writing of letters and organization-initiated advises, contacts with politicians and public officials.

Informal contacts: Telephone calls, personal meetings and other informal contacts between politicians and officials and organization.

Table 2.2 Indirect tactics

Media relations: Direct contacts with journalist, providing of information subsidies (“[...] press packages, press statements and other material making it easier to write about that which organization wish to express (Ihlen & Robstad 2004: 153)), press conferences et cetera.

Grassroots lobbying: Attempts to gather public support through direct contacts with the public, for instance by attending meetings, tele marketing, advertisements.

Demonstrations: Demonstrations, distribution of fliers, and other types of actions meant to draw the attention of the media, the public or the political decision-makers.

Coalitions or alliances: Building of coalitions with other relevant stakeholders in order to strengthen the claim of the organization.

Many scholars recognise only direct lobbying. Some scholars, like Gullberg (2002) and Espeli (1999) keep such a constricted focus due to their social scientific research focus. Still some public relations scholars, like Ihlen (2004b), maintain the same distinction, although for different reasons. Ihlen explains this by describing lobbying as a subset of public relations and as inferior to the broader field of public relations when it comes to techniques for building the organization’s profile. He says: “The literature on public relations has more on offer than the literature on lobbying, regarding how an organization’s *public* profile is constructed, that is, how the organization attempts to obtain media coverage, build alliances, and generally work to sway public opinion.” (Ihlen 2004b: 12). Ihlen’s inclusion of lobbying under the public relations umbrella is, as mentioned, an important categorization. He thus concurs with Grunig & Hunt who say that “Lobbying is a PR technique that is used almost entirely as part of government relations programs. Public affairs programs [...] support and complement lobbying efforts” (Grunig & Hunt 1984: 532-533). I agree with Ihlen that the public relations literature offers more. This is why I have chosen to make extensive use of such theory in this study of lobbying. What I believe Ihlen overlooks is that although lobbying is a form of public relations, modern lobbying chooses and uses from the same strategies and tactics as public

relations in general. The crucial difference is that lobbying seeks to influence a political decision. For Grunig and Hunt the matter may be slightly different, due to the mandatory registration of lobbyists in the USA. This means that the actual direct lobbying must necessarily be handled by a registered lobbyist, and that the public relations department handles activities of communicating with other stakeholders. The borders may of course be more unclear in countries without such registration.

My position is, contrary to that of Grunig & Hunt and several other scholars, that whenever the strategic goal of an organization is to influence a political decision, every communications made in order to influence that decision must be considered lobbying. Public relations which aim to influence a political decision is therefore to be considered as lobbying, since public relations is instrumental rather than a goal in itself. The direct communication with politicians may only be one tactic in a larger strategy of influence. This study reveals that, at least in this particular case, the lobbying organization consciously planned and implemented their strategy through both direct and indirect tactics (Halvorsen, interview, 01.11.2005; Ims, interviewed by Øyvind Ihlen, 29.12.2005; Rysst Jensen, interview, 02.02.2005).

I therefore believe such a narrow lobbying term is incomplete, as it is impervious to the potential importance of external factors like for instance public opinion, allies and mass media, which can exert important influence on the decision-maker. It fails to see lobbying as a potentially comprehensive project of influencing a specific decision through multiple channels of influence, and focus instead on only the direct tactics, and by doing that, run the risk of ignoring important and possibly decisive elements in a lobbying and political decision process. Jaatinen uses a contingency model of lobbying (Jaatinen 1999). This means that the strategies and tactics must adapted to the nature of the organization and the nature of the environment (Grunig & Hunt 1984: 43). We see environment in terms of stakeholders and publics. A contingency approach to lobbying *must* necessarily include indirect means of influence, as it reckons with these groups and their importance.

That being said; let there be no doubt about the premise that both direct and indirect strategies ultimately seek to influence the decision makers. An attempt to influence public opinion which does not at the end of the day seek to influence a political decision-making process is therefore not lobbying, but may still be public relations.

2.3.3 Lobbying - Influence and information

Although influence is the purpose of all lobbying, providing information is also a key aspect of such activities. Ziegler & Baer are among those who point out that providing information is a vital part of lobbying (Ziegler & Baer according to Jaatinen 1999: 18). Leon Mayhew goes farther, stating that: "[...] information is at the heart of modern lobbying" (Mayhew 1997: 221)¹. He furthermore describes lobbying as:

[...] a process of influence that travels along routes sustained by exchanges of information. Legislative and administrative regulators need information about targets of regulation and their practices; regulatees need information about the intentions of regulators (Ibid 218).

Espeli empirically supports this informative function of lobbyism by referring to the 1995 survey where 90 percent of Norwegian Members of Parliament agreed that contacts with organized interests gave them "[...] better access to alternative information and counter-expertise in relation to government/ministry" (Espeli 1999: 252). He also found that over 80 percent agreed that the information provided by lobbyists helped them in controlling whether or not the government and its administration effectuated its resolutions and intentions. President John F. Kennedy, then senator, believed lobbyists could make a positive contribution: "[...] they are necessarily masters of their subject and, in fact, they frequently can provide useful statistics and information not otherwise available" (John F. Kennedy quoted in Grunig & Hunt 1984: 528). Charles Miller points out that the enormous strain that is placed upon British Members of Parliament's shoulders combined with scarce economic and human resources for fact-finding and studying increase their dependence on external information (Miller 1987). The situation is, as Espeli indicates, the same for their Norwegian colleagues. One could argue that in the case of political lobbying, the method must almost always be at least partially informative, since it is hard to imagine parliamentary politicians, government or civil servants giving in to attempts of persuasion, without sound arguments and at least seemingly well-founded information. The objective of lobbying is nevertheless essentially to influence the decision, although the methods may be either persuasive or informative (Berry 1977: 46; Jaatinen 1999: 18). Pure acts of providing decision-makers with neutral information, if such even exists, would therefore not qualify as lobbying. The objective of lobbying is ultimately to influence the decision, making information and dialogue means, rather than ends. A lobbyist is unlikely to bring to the decision

¹ Lobbying as transferring of information is discussed in various theories of both social scientific and economical origin, for instance signalling theory and trade theory (See for instance Gullberg 2002 or Mayhew 1997 for summaries). The theories shall have to remain undebated in this thesis, but do confirm that providing information is a central function of lobbying.

maker's attention information which she believes will not influence the politician to make the desired decision. The lobbyist's providing of information is strategic.

The lobbyist can use either *technical* or *political information* (Mayhew 1997: 225). Technical information is based on her knowledge of her own practice or line of business and seeks to inform the decision-maker about the substantial consequences of public policy. This is what could be described as factual information, which is based on expertise, scientific studies, experience etc. Political information intends to make the decision-maker aware of the political consequences of her actions. Drawing attention to lack of support with the public or the parliamentary opposition would be examples such of information. We can generally state that what is here counted as direct lobbying, would (with the possible exception of informal contacts) in Mayhew's term be characterized as communication of technical information. The lobbyist seeks to influence on the basis of her expertise, knowledge and information about substantive consequences. The indirect lobbying tactics are, again generally speaking, communication of political information. The lobbyist draws the decision maker's attention to political consequences of her actions. I would like to expand Mayhew's distinction and say that the lobbyist may even try to create and influence the political consequences. That being said, the lobbyist may use technical information in moulding public opinion. The information is still political in the relation between lobbyist and decision maker, since the latter is the ultimate object of influence.

2.3.4 Two-way symmetrical lobbying

The idea that public relations practice should and does strive to act in accordance with the ideal of two-way symmetrical public relations has for the last decades been and is still one of the dominating, if not *the* dominating, positive or normative theory in the field, both among scholars and practitioners (Ihlen & Robstad 2004: 39). This model of public relations and communication is tightly connected to the extensive research James E. Grunig and his many colleagues. This particular variation of systems theory has been renegotiated many times during the last decades, but found its preliminary final definition in this:

Two-way symmetrical public relations attempts to balance the interests of the organization and its publics, is based on research, and uses communication to manage conflict with strategic publics. As a result, two-way symmetrical communication produces better long-term relationships with publics than do other models of public relations. Symmetrical programs generally are conducted more ethical than are other models and produce effects that balance the interests of organizations and the publics in society. Symmetrical practitioners, therefore, have *mixed motives* (they are loyal both to their employees and to the publics of their organization) [author's emphasis] (Grunig et al 2002: 15).

Jaatinen builds on this symmetrical model, claiming that successful lobbying depends upon the lobbyist's willingness to cooperate with the decision-maker and to further public interests (Jaatinen 1999: 24). She furthermore states that two-ways symmetrical communication strategies are among the traits of lobbying (Ibid 38).

But do lobbyists really act in accordance with the ideal of two-ways symmetrical communication? And is two-way symmetrical lobbying necessarily the most effective form of lobbying? I obviously cannot answer the first question in a statistically significant manner, but only make theoretically founded guesses. Marianne Kugler uncovers in her study of eight Canadian lobbying campaigns that the symmetry model were not the predominant communication model in her cases. Her results show that the “[...] PR communications were mainly one-way and more often involved press agency than public information [...] (Kugler 2004: 80).” Kugler refers here to the so-called four models of public relations, also strongly linked to the work of James E. Grunig, and articulated many times (see for instance Grunig & Hunt 1984; Grunig 1992). The so-called *Excellence Study* offers this latest definition:

These four models are called press agency/publicity, public information, two-way symmetrical, and two-way asymmetrical. Press agency/publicity and public information are both one-way models. Practitioners of press agency seek attention for their organization in almost any way possible, whereas public information practitioners are journalists in-residence who disseminate accurate, but usually only favourable, information about their organizations. With the two-way asymmetrical model, practitioners conduct scientific research to determine how to persuade publics to behave in the way the client organization wishes. With the two-way symmetrical model, practitioners use research and dialogue to bring about symbiotic changes in the ideas, attitudes and behaviours of both the organization and its publics (Grunig et al 2002: 308).

This means that, at least for the cases studied by Kugler, the perhaps least refined communication models were the ones used. Grunig himself views the press agency model as “[...]propagandistic public relations that seeks media attention in almost any way possible [...]” which furthermore is one-way “[...] in that practitioners who follow them give information about the organization to publics but do not seek information from publics through research or informal methods (Grunig 1989: 29).” Grunig and Hunt state that lobbyists in reality use all four communications models:

Lobbying can be, and is, practiced according to the principles of all four models of public relations. Some lobbyists blatantly promote. Some use principles of scientific persuasion. Some just provide information to legislators and members of legislative staffs. The most effective – and democratic – lobbying, however, is lobbying based upon the two-way symmetric model of public relations [...](Grunig & Hunt 1984: 533)

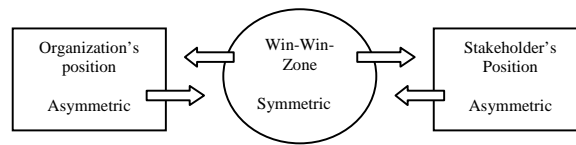
Although this is not supported statistically, I find it hard to contest the truth of their assumption, especially since *the Excellence Study* (Grunig et al 2002) shows that this is the case with public relations practitioners in general, there is little reason to believe lobbyists act much differently. It is in any case hard to imagine why lobbyists should act more in accordance with the two-way symmetrical ideal than other practitioners.

Is then, the two-way symmetrical model of communication the most effective also in the case of lobbying? Given the assumption that lobbying is a public relations activity and that the two-way symmetrical model is the most effective for public relations, the simple deduction is of course that it is so. Using my wide definition of lobbying, it is certain, still accepting the idea of the symmetry model's superiority, that the aspects of lobbying that focus on stakeholders other than government, should be in accordance with that ideal. Given the premise that lobbying, even direct lobbying exclusively, is essentially a form of communication, it is only logical that the symmetry model should be the most effective also in that specific practice. Jaatinen states that this is the most effective form of lobbying and that one of the traits of lobbying is "[...] conceptualizing the effectiveness of as achievement of organization's goals but also taking into account the interests of public (Jaatinen 1999: 38). This brings us to the *mixed motives* model.

The *mixed motives* model, or *Excellence-Model*, is characterized by Ihlen & Robstad as "one of the most significant theoretical contributions from the Excellence Project [...] a revised version of the symmetry model (Ihlen & Robstad 2004: 69)." They furthermore say that: "The Excellence is considered to be a more realistic ideal than the original symmetry model, because it includes that the organizations always ultimately seek what is best for themselves (Ibid)." This model draws, as both Ihlen and Robstad and Grunig et al point out, heavily on Priscilla Murphy's theory of *mixed motives games*. In this thesis I rely solely on Grunig et al's adaptation:

In the model, organizations and publics are viewed as having separate and sometimes conflicting interests. Nevertheless, negotiation and collaboration make it possible for organizations and publics to find common ground in the win-win zone (Grunig et al 2002: 356-357).

This idea is clearly reflected in Jaatinen's description of effective lobbying as explained earlier. The model describes a continuum where both sides represent an asymmetric position and where symmetry is found in the middle, the so-called *win-win zone*.



Model 2.2 The Excellenc-Model (Grunig et al 2002: 357)

This gives the practitioner, in this case the lobbyist, three main choices for communication:

1. The pure asymmetry model, where communication is used to make the stakeholder (public using Grunig et al's terminology) accept the organization's position.
2. The pure cooperation model, where communication is used to convince the organization to accept the stakeholder's position
3. Two-way model, where communication is used to move both parties into a compromise acceptable to both.

Grunig et al describe the superiority of the model this way:

This new model of excellent, two-way public relations seems to provide an ideal combination of a positive and a normative theory. Positively, that is, descriptively, it offers a model of how excellent public relations departments balance the divided loyalties they encounter as they try to serve the interests of their client organization and the interests of the publics to which they have a social responsibility. Normatively, the new model specifies the ideal public relations situation in which organizations strive to reach the win-win zone as they build relationships with their publics[...]. Finally, the model provides suggestions of strategies that public relations practitioners can use when they find the relationship tipped towards one or the other end of the continuum (Grunig et al 2002: 358).

In other words, the model incorporates both the symmetrical and the asymmetrical communication models as it opens for different strategies, or rather different positions along the asymmetry-symmetry continuum, adapted to the situation at hand. Jaatinen states that: "Asymmetrical communication is one-way or two-way communication that purports to persuade publics to change behaviours, and symmetrical communication is interactive and interspersive. [...] A mixed-motive communication includes both kinds of communication" (Jaatinen 1999: 22). The model is positive because it includes both practices, and normative because it describes the best possible practice.

Fitting lobbying into the mixed motives model is not very difficult, given the premises given above. There is no reason to believe that lobbyists do not operate all along the symmetry-asymmetry axis. The major question is; is effective lobbying dependent on the lobbyists ability to create a win-win situation for the both organization and the stakeholders in question? Based on the theory I have presented, the immediate answer to that would have to be yes, or at the very least that, when it manages to create a win-win situation, it would in most cases be the most effective approach. Grunig

and colleagues are doubtlessly certain about the Excellence-models superiority, and the philosophy is certainly incorporated in Jaatinen's theory as well:

The conceptualization of results as success and sensitivity is consistent with the new relational measures of effectiveness: the level of understanding, mutual agreement, achievement of joint-gains, the symmetrical nature of the process, conflict resolution, and satisfaction (Jaatinen 1999: 79)

Without going into discussions about democracy or ethics, I believe that a lobbyist in order to act most effectively must be able to communicate to the stakeholder the possibility for mutual gain inherent in the situation. This is particularly obvious when dealing with allies, but also when it comes to political decision-makers. Governmental politicians are of course unlikely to grant benefits to commercial lobbyists without some sort of political or societal gain. This is, from a stakeholder theoretical point of view, reflected in Freeman's previously quoted statement that the organization's perception must be aligned with that of the stakeholder (Freeman 2002: 117).

2.3.5 The life cycle of an issue and of a lobby campaign

In her discussion of different models of issue life-cycles, Jaatinen says that "Issues are born, they die, and are reborn" (Jaatinen 1999: 134). The life cycle of a lobby campaign follows that of the issue, which again necessarily follows the political decision-making process. While comparing and discussing the issue life-cycles of Rogene Buccholz and Thomas Marx (full names to avoid confusion due to similarity with other scholars) she identifies the traits of the different phases and the stakeholders important to each phase (Jaatinen 1999: 85, 135). Van Schendelen offers a third alternative model (Van Schendelen 1993: 12). Although there are minor differences concerning phases (Buccholz operates with three phases, while Marx uses four, and Van Schendelen five), the models are very similar, and the stakeholders identified in each phase practically identical. In sum they basically agree on the same chain of events. Together, these models outline the life span of a lobby campaign from the idea is born and all the way to the successful or unsuccessful influencing of the political decision. Based upon these three models I construct a new three phased model which incorporates those of Buccholz, Marx and Van Schendelen. In order to be as specific as possible, phase 2 is divided into two sub-phases.

Table 2.3 The phases of a lobby campaign

1) *The pre decision phase.* This is the period prior to the period when the issue is formally put on the political agenda. The beginning of this period may be diffuse, but it is the time when an issue is put on the public agenda, in order to, in turn, make it an official political issue. The earlier the lobbyist

starts the campaign, the better the chances of success. This first phase is primarily focused on setting the agenda and mobilizing public opinion and stakeholder support. “The organization may publicize its position in the media, arrange meetings and training, build its image, give press releases, send reports to the government, and participate in public discussion on radio and television (Jaatinen 1999: 85). The tactics are in other words both direct and indirect, and the information both technical and political, although the emphasis on indirect means are most likely heavier than in succeeding phases, thus also more politically focused. Although the above mentioned scholars fail to mention it, the building of alliances should, in my opinion, be initiated already in this phase, in order to strengthen the claim of the organization at an as early stage as possible.

2) *The decision phase*. This is the period when the political officials prepare the proposal and the proposal is voted on in Parliament. “Participatory means of communication such as coalition building, campaign contributions, and direct contacts to political decision-makers dominate this phase” (Ibid) “To allow for a distinction between[...] political or governmental decision-making and legislative or parliamentary decision-making [...]”(Ibid), this phase is divided into two sub phases, thus acknowledging that the government’s stand on the issue may affect the outcome of the parliamentary decision.

A) *Governmental sub phase*. Direct contacts with governmental decision-makers and public officials are most important to the organization during this sub-phase.

B) *Parliamentary sub phase*. Direct contacts with parliamentary decision-makers are the main target during this sub-phase.

3). *The post decision-phase*. This phase begins immediately after the parliamentary decision is made in the organization’s favour or disfavour, and in which the regulation is implemented. The public officials are important, since they implement the new regulation. This period is according to Marx, in principle open ended, and may affect the climate of opinion for further lobby campaigns, linking it to phase one. One could ask if the cycle is not over at this point. Jaatinen adds, however, that: “In addition to the phasic features, the issue life-cycle clearly refers to the possibility of being renewed, a cyclical feature. The disappointed participants in the political decision-making may arouse public discussion and make the issue life cycle begin again” (Ibid).

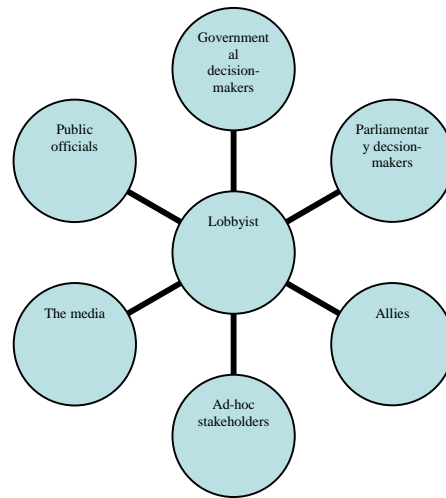
Different tactics and different stakeholder do, in other words, dominate the different phases of the issue- and lobby life cycle. That does not mean that other tactics or stakeholders are uninteresting and should be or are ignored, but merely that the lobbyist should emphasize the ones that are most relevant for the phase in question. The cyclic nature of lobbying also indicates that the issue life span is not necessarily finished after the parliamentary decision, but may be put on the agenda once again. So perhaps it is wrong to say that the issue dies, as Jaatinen said in the beginning of this sub-chapter, and that the issue instead turns inactive until it is once again put on the agenda in a new environment influenced by the previous lobby campaign.

2.3.6 Summary of lobbying theory

In this study I apply a wide lobby definition in accordance with that of Jaatinen (1999), over narrow definitions and approaches such as those of Espeli (1999) or Ihlen (2004b). The different tactics of lobbying are described in tables 2.1 and 2.2. The lobby campaign, as explained in table 2.3 follows the issue life-cycle, as presented by Jaatinen (1999: 135). Lobbying is furthermore supposed to be most effective when communicating a win-win situation (Grunig et al 2002).

2.4 THE LOBBYIST'S STAKEHOLDERS

It should be clear by now that the lobby organization's stakeholders are somewhat different from the day-to-day stakeholders of an organization. Or rather that key stakeholders are different from issue to issue, and that lobbying implies raising a particular sort of issue which involves specific stakeholders. Some stakeholders are always present and active in a lobby campaign, others occasionally, and the activity may vary from issue to issue. Stakeholder identification and the determination of their importance are situational. Based on the lobby and stakeholder theory discussed in this chapter combined with the findings in my analysis, I propose the following stakeholders as the most relevant ones in the context of lobbyism: government decision-makers, parliamentary decision-makers, public officials, allies, the media, and ad hoc stakeholders.



Model 2.3 The lobbyist's stakeholders.

This model excludes the organization's internal stakeholders and I am aware of the fact that it makes my view somewhat limited. But my focus is the external stakeholders of the lobbyist or the lobbyist organization, which I believe justifies this decision.

2.4.1 *Power, legitimacy and urgency in lobbying*

Although constructed for the study of to which stakeholders organizations pay attention, the aspects power, legitimacy and urgency presented by Mitchell et al (1997) may prove to be a useful tool to identify the strength in the lobby organization's claim. After all, the organization is the stakeholders of the government. The lobbyist therefore needs to take the necessary steps to secure that her claim and her organization emerges as powerful, legitimate and urgent as possible in the eyes of the decision-maker stakeholders and other stakeholders she seeks to influence. In that way a reverse application of the terms may function as a sort of theoretical side glance.

2.4.2 *Governmental decision-makers*

Government decision-makers are the ultimate target of the lobbyist, and fall into the category which Grunig and Hunt refer to as enabling linkages and which Ihlen and Robstad adapt to stakeholder theory as framers (Grunig & Hunt 1984: 141; Ihlen & Robstad 2004: 45). The status of government is, using Mitchell et al's (1997) theoretical framework definitive during the decision phase and during the governmental subphase in particular..The power to act is, however, not salient before during the other two phases, making this group *demanding stakeholders* (Ibid: 875) during the pre-decision phase and the post-decision phase.

2.4.3 Parliamentary (legislative) decision-makers

According to the framework of Mitchell et al (1997) parliamentary representatives are definitive stakeholders during the parliamentary sub-phase of the decision phase, being when the issue is decided by a vote in the national assembly. To apply the same organizational linkages as above, they are also *enabling* stakeholders or *framers*. The lobbyist uses different channels when communicating with parliamentarians. They may work through constituency seats, committees, party groups or directly with individual politicians who have a particular authority or for some reason are especially influential when it comes to the issue at hand (Espeli 1999: 23). The boundaries between Parliament and government are of course not altogether rigid. When a lobbyist tries to influence parliamentary representatives from a political party which is in government position, it is unclear whether that qualifies for parliamentary or governmental lobbying.

2.4.3 Public official decision-makers

Public officials are in the most narrow definition of the term never definitive stakeholders, lacking the legislative power of political decision-makers. The symbolic power of expertise they have in this case does, however, suggest that they should be treated as definitive stakeholders. This group is definitive during the governmental decision-phase, and according to Jaatinen (1999) through implementation of the new regulation during the post-decision phase.

2.4.3. Allies

All the previously mentioned scholars who accept the wide lobby definition acknowledge the importance of allies when lobbying government. It seems obvious that the building of coalitions should be initiated as early as possible, preferably in the first phase. To use Mitchell et al's (1997) categorization, the minimum attribute of a coalition partner is legitimacy. In addition, the presence of power or urgency can only strengthen the alliance. Following the same theoretical framework, the intention of an alliance must be to strengthen as many of these attributes as possible for all partners. Through joining forces both or all organizations strengthen each other's attributes. Obvious coalition partners would be other commercial or non commercial organizations, public interest organizations, and stakeholders for whom the existence and success of the organization is essential (employees, local community, contractors etc.). When stakeholders are not already organized or active, the lobbyist must try to activate them to join forces. According to Grunig's & Hunt's (1984) and Grunig's & Repper's (1992) terminology, activity and organization is what separates a public from a stakeholder group. This would therefore mean making publics out of stakeholders. According to

Mitchell et al's theoretical framework, the sudden issue awareness and activity in a particular stakeholder group will increase its urgency as a stakeholder of the government and the politicians. The alliance must certainly be perceived as a win-win situation for all parties.

2.4.4. *The media*

According to the stakeholder linkages referred to, the media do not justify a position as a group on their own. They would rather fall into the category of *diffused* linkages or *ad hoc* stakeholders (Grunig & Hunt 1984: 141; Ihlen & Robstad 2004: 45). Using the wide lobby definition, I find that the media demands the position of a separate stakeholder group, since most of the scholars referred to in lobbying context mention the media explicitly. Although I do not intend to discuss, on a general basis, the effects of the media on public opinion or political decision making, I accept the premise that we cannot rule out the potential effect of the media on public opinion and political decisions². All the scholars I build my arguments upon support that there is or may be such a direction of influence, at least in certain situations. The importance of the media, from a lobbyist's point of view, varies in accordance with the strategies and tactics used. The media's legitimacy is undisputable in democratic societies and has been articulated in both Norwegian and Swedish official evaluations (Allern 1996: 40; Allern 2001: 22). In cases where the lobbyist relies on direct tactics only, the media's role will be only marginal, and its status only that of a *discretionary* stakeholder, lacking urgency and substantial power (Mitchell et al 1997). In cases where the lobbyist uses indirect approaches, or is forced to because the media enters the stage on their own initiative, the media may become a definitive stakeholder group.

2.4.5. *Ad hoc stakeholders*

Other stakeholders, groups or individuals, who do not fit into any of these categories may emerge. For the sake of simplicity I categorize the ad hoc stakeholders. Such stakeholders might, to use Jaatinen's examples (Jaatinen 1999: 69), be competing interest groups, other interest groups, or any group or individual with a stake in the organization's undertaking (Carrol & Buchholtz 2003; Freeman 2002:108). The possibilities are in principle infinite. These stakeholders may be categorized in accordance to whether they are *hostile* or *supportive* of the organization (Ihlen & Robstad 2004: 85). At the individual level, not many people are likely to act on their own behalf in the case of a lobby campaign. The most likely exception, and probably the most important one, is experts who support

² The relationship between the media agenda, public opinion and political opinion, and the effects these have upon one another, can be studied through agenda setting theory. See for instance Dearing & Rogers (1996) or Waldahl (1993).

or oppose the lobbyist with the authority of their position or knowledge. They have legitimacy and potentially symbolic power through their role as experts, and their claim may be urgent if they have the attention and understanding of other stakeholders like government or the media. Their influence is perhaps more likely to be considerable during the first phase rather than the second phase, and perhaps more so during the second than the third, but we should not underestimate the importance of having expert support even after a parliamentary vote.

2.5 SUMMARY OF THEORY

This study applies a combination of lobby theory and stakeholder theory, as well as general public relations theory. The position taken is that a stakeholder approach must be applied for lobby theory and lobby practice, thus allowing for indirect tactics and the influence of actors outside the decision-making process (i.e. Jaatinen 1999). The stakeholder term (i.e. Freeman 2002) is applied instead of the publics term (i.e. Grunig & Hunt 1984; Grunig & Repper 1992), and adapted situationally using Mitchell et al's framework for stakeholder salience identification (Mitchell et al 1997). Chapter 2.4 proposes a lobbying specific stakeholder framework based on Grunig's & Hunt's (1984: 141) situational linkages in combination with Mitchell et al's heuristic framework (Mitchell et al 1997). The three phases of the lobby campaign illustrated in table 2.3 provide a framework for highlighting the most important different tactics and stakeholders during different stages of the issue. The communication of a win-win situation (Grunig et al 2002) is presumed to be central to effective lobbying.

3 METHODOLOGY

In this chapter, the reasons for the choice of the case study approach are given. I also explain my decisions concerning the methodological choices which I had to make during my research of the case. This means explaining and defending my selections of documents, newspaper articles and interviewees, and how I went about the task of conducting the document and media analysis and the interviews.

3.1 THE QUALITATIVE CASE STUDY

There are certain characteristics common to qualitative case studies. Daymon & Holloway offer this description: "A case study is an intensive examination, using multiple sources of evidence (which may be qualitative, quantitative or both), of a single entity that is bounded by time and place" (Daymon & Holloway 2002: 105). Yin states that case studies:

[...] bring expert knowledge to bear upon the phenomena studied, to round up all relevant data, to examine rival interpretations, and to ponder and probe the degree to which the findings have implication elsewhere (Yin 1992 quoted in Stake 1998: 104).

Yin later presents a definition where: “A case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (Yin 1994: 23). As opposed to the observing positivist approach of quantitative method, the qualitative approach focuses on the phenomenon occurring within the case and its potential causes. It is, scientifically speaking, an interpretive way of studying the phenomenon where the researcher takes into consideration the intentions, motivations and subjective experiences of the persons involved (Daymon & Holloway 2002: 4).

Daymon & Holloway separates between *the single case study* and *the collective or multiple case study* (Daymon & Holloway 2002: 108). Stake presents a more detailed tri-sectoral categorization (Stake 1998): *Intrinsic case studies* focus their interest on the case itself. *Instrumental case studies* try to develop a theory or shed new light on an issue. *Collective case studies* concern themselves with more than one case and are even more instrumental than the other two. The study of the oil industry’s lobby campaign is both an intrinsic and an instrumental case study.

It is intrinsic by the fact that will I try to map the industry’s lobbying activities during their campaign by answering research question 1 (*Which lobbying strategies and tactics did the oil industry apply in order to achieve reduced special tax in the period between 2003-2004?*), and by identifying their stakeholders and stakeholder relations in question 2 (*Which were the oil industry’s stakeholders in this particular case, and how did they act strategically in relations to these stakeholders?*) Research question 3 (*Did the lobbying efforts influence the oil industry’s stakeholder relations?*) is obviously of an instrumental type. I here try to establish whether there in this case were inconsistencies or tensions between the two sub fields of public relations. Through this practical study, I hope to be able to shed some new light on the existing theory of both theoretical fields.

The qualitative case study seems better suited than any other approach in answering the whats, hows, and whys of the series of events, communications and political decisions which is the Tax Campaign. The variety of sources available to the qualitative case study researcher and the premise that the researcher must explore rival interpretations seems perfect for a study of a lobbying case, where biases and political positions apparently is a trait of many sources, and where strategies and tactics

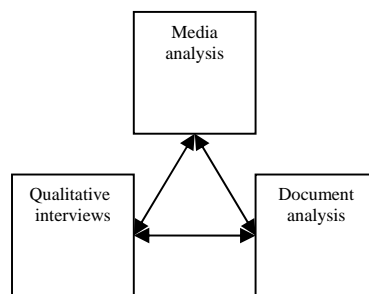
are not official or out-spoken, and must be deduced through the method of triangulations. A one-sided study of, for instance, newspaper articles would hardly present a reliable image of what actually happened during these few years. I hope that the many-sided approach of my qualitative case study have done just that, and thereby enabled me to answer the research questions.

3.2 SELECTIONS AND DELIMITATIONS

I will here explain the methodological steps taken in order to conduct the study. I will also account for and defend the decisions I have made concerning delimitations and selections regarding material and interviewees. Yin lists six sources of evidence when working with qualitative case studies (Yin 1994: 78). Of these, only two are appropriate for this particular case; *documents* and *interviews*. Yin goes on to separate documents in different categories. In this study I will make use of two main categories of documentation: *newspaper articles* and *administrative documents*. The three types of sources are therefore newspaper articles, documentation and qualitative interviews. The use of three different types of sources, and having multiple positions and opinions represented in each category, has been done in order to apply the method of *triangulation*. Stake says that:

Triangulation has been generally considered a process of using multiple perceptions to clarify meaning, verifying the repeatability of an observation or interpretation. But, acknowledging that no observations or interpretations are perfectly repeatable, triangulation serves also to clarify meaning by identifying different ways the phenomenon is being seen (Stake 1998: 97).

The information retrieval was conducted in two steps, where the earliest media analysis constituted the first step, while the qualitative interviews and the document analysis constituted the second step. The interviews and documents, however, provided vital information and frames of understanding, complementing my understanding of the media analysis and overall understanding of the case. The actual process was of course more simultaneous and dynamic than the two-step model indicates, but it nevertheless illustrates chronology in which the methodological steps were taken in the beginning of the study.



Model 3.1 Steps in the methodological process.

It has been my aspiration to meet the standards of triangulation, not only between the types of sources, but also within each category.

3.2.1 Selecting and analyzing the media coverage

The first type of source selected was the newspaper article. The main reason for making that my methodological point of departure was that the narrative which the newspaper articles together constituted, gave me an overview of the chronology of the case and of the different actors involved. They furthermore offered, even though at times somewhat simplified, synopses of the arguments and points of view of the different actors. The media coverage was in other words an invaluable first step in order to decide who to interview and which documents to read, and at the same time construct a brief outline of the case. To retrieve the articles, I searched ATEKST for the following words, singularly and in combinations: *oil tax, special tax, OLF, tax, Tore Torvund, Norwegian Oil Industry Association*³ and repeated the search on the websites of the following newspapers: *Adresseavisen, Aftenposten, Bergens Tidende, Dagbladet, Dagens Næringsliv, Haugesunds Avis, and VG*. In addition, one interviewee provided me with copies of a few articles which were not attainable through ATEKST. Together, this resulted in 111 articles. Only the articles used explicitly will be referred to. Methodologically, the media analysis was the first step in approaching the case, or, in other words, the first corner of the triangle of method triangulation.

3.2.2 Selecting documents

Analyzing documents was important primarily because of the official status of these sources. Both the governmental and non-governmental documents have a high degree of accountability, in the sense that they represent the official policy of the authors. The selection of documents was made based on knowledge acquired through media analysis and interviews. See references for complete list of documents analyzed.

3.2.3 Selecting interviewees and conducting interviews

The selection of interviewees was highly important in order to fully illuminate the case from all possible angles, interpretations and point-of-view. The actual selection was made based on the assumed stakeholder importance of the actors the interviewees represented and their role during the Tax Campaign. In order to investigate the case from as many angles as possible, a wide approach as

³ The actual Norwegian entries were *oljeskatt, særskatt, OLF, skatt, Tore Torvund* and *Oljeindustriens Landsforening*.

to interviewee selection had to be taken. See references for a complete list of interviewees, with positions and credentials. The interviews were scheduled to be conducted in three rounds, categorized in accordance with the theoretical framework:

- 1) *Non decision-maker stakeholders*
- 2) *Lobbying organization* (from within the oil industry)
- 3) *Decision-maker stakeholders*

Small divergences from that plan had to be made, in order to adapt the plan to the case, rather than to adapt the case to the plan. While the interviewees of the first round were chosen with a basis in the media analysis, many of the interviewees from the second round and on were chosen based on recommendations from other interviewees.

3.2.3.1 Non decision-maker stakeholders

These interviewees were journalists who covered the issue, and Karine Nyborg who criticized the oil industry, acting as hostile ad-hoc stakeholder. The journalists were of course selected due to their role as stakeholder for the industry, and as interpreters of the case, due to their specialization in petroleum related news. They were thus meant to function both as stakeholders and targets of the industry, and as expert commentators. All four interviewees in this round were independent, in the sense that they neither represented the oil industry nor any body of political decision-making in this particular case. My strategy was to conduct these interviews prior to contacting the oil industry, since I thought that they might agree to help me, if for no other reason, then at least to counter any criticism from my previous interviewees. This strategy turned out to be unnecessary. Both Hydro and the OLF helped me far beyond my expectations.

The interviewees in the first round were initially Alf Ole Ask (journalist, *Aftenposten*), Jostein Lovås (journalist, *Dagens Næringsliv*), Ulf Rosenberg (journalist, *Stavanger Aftenblad*), and Karine Nyborg (Senior Research Fellow, The Ragnar Frisch Centre for Economic Research). All titles refer to their position at the time of the case. This also applies for the interviewees of the succeeding rounds.

3.2.3.2 Lobbying organization

The second round of interviews was intended to be conducted with only representatives of the OLF. I planned to interview Director General Per Terje Vold, but OLF turned down the request due to the fact that he had not been employed during the whole campaign, and instead offered me interviews with three other central employees. I had, furthermore, discovered that a focus only on

the OLF would be too narrow, and decided to expand the third round of interviews with two representatives from Hydro's top management. Although the actual interviews took place during the third round, they are mentioned here due to their status as representatives of the lobbying organization.

The interviewees in this second round were Frode Bøhm (Manager for Fiscal Conditions, OLF/Member of the Kon-Kraft Tax Project Work Group), Leif Harald Halvorsen (Communications Advisor, OLF), and Nils Heileman (Vice Director General, OLF). In addition, Tom Einar Rysst Jensen (Vice President International Business Development, Hydro/ Head of the Tax Project Work Group, Kon-Kraft) and Tore Torvund (Executive Vice President for Oil and Energy, Hydro/ Chairman of the Steering Committee of the Tax Project, Kon-Kraft/ Chairman, OLF) were interviewed as a result of the extended approach.

3.2.3.3 Decision-maker stakeholders.

This round consisted of interviews with governmental decision-makers (politicians, one public official and one political advisor), and parliamentary decision makers.

The interviews in this round were with Per-Kristian Foss (Minister of Finance, The Conservative Party), Einar Steensnæs (Minister of Petroleum and Energy, the Christian Democratic Party), Ingebrigt Sørfonn (Member of Parliament, Representative in the Committee for Finance, The Christian Democratic Party), Tore Nordtun (Member of Parliament/Vice Chairman of the Committee for Finance/Representative in the Committee for Energy and Environment, the Labour Party), and Øyvind Håbrekke (political advisor to Steensnæs, the Christian Democratic Party). In addition, I interviewed one anonymous person, who at the time was a central public official in the OED. The political parties and bodies of government represented reflect the findings of the study as to which stakeholders were most important to the oil industry.

3.2.3.4 Potential interviewees left out

There are a few persons whom I failed to make an appointment with or decided to rule out for different reasons. Hill-Martha Solberg (First Vice Chairman of Committee of Finance, the Labour Party) and Siv Jensen (Chairman of Committee of Finance, the Progress Party) were dropped due to their tight schedules. I trust this is compensated for through interviews with other Committee representatives. I was furthermore unsuccessful in my attempts to get an interview with Nina

Bjerkedal (Deputy Director General in the Ministry of Finance). She explains her refusal by stating that: [...]Altså [...] tror jeg ikke det er så mye å hente hos meg eller andre i embetsverket i Finansdepartementet, annet enn det du kan lese deg til i de relevante dokumentene til Parliament” (Bjerkedal, e-mail correspondence, 06.01.2006). The positions of the Ministry of Finance were, however, fully accessible through official documentation. For other, more perception based information, I had to rely on second hand sources, as well as my very informative interview with the Minister of Finance.

3.2.3.5 Conducting the qualitative interviews

The qualitative semi-structured interview (see for instance Daymon & Holloway 2002: 171) was undoubtedly an extremely important, if not the most important, method in this study Superior to any other method, interviewing so many different actors offered a unique insight into the different opinions, strategies, motivations and perceptions of the different actors. All interviewees were first contacted by e-mail and were from the very beginning informed of the purpose of my thesis. After making the appointment, they were asked whether they would allow my to tape the interview, to which everyone agreed. They were also informed of the routines of transcribing the interview. Interview guides were provided by e-mail several days ahead of the appointment. All interviews were made face to face, except with Ask, Halvorsen, Rosenberg and Steensnæs, to whom the geographical distance was too great. These were therefore done by telephone. All face to face interviews were made in the interviewees’ offices, or in facilities at their disposal.

When first starting on this study, my intention was to use roughly the same interview guide for each round of interview. This idea was for several reasons soon abandoned. The main reason was that in order to fulfil the criteria of a case study, approaching it from as many angles as possible and being open to rival interpretations, I had to tailor the questions for each interview, and at the same time allow the interview to develop in alternative directions. Since my assessment of the case derived from documents, media coverage and other interviews, my frame of reference and understanding of the case naturally changed as the process evolved. Sticking to the same set of questions would have prevented me from penetrating deeper into the material. Not being bound by the rigidity of an interview schedule allowed both me and the interviewees the freedom of association and uninterrupted reasoning, as well as a more natural dynamic of dialogue. At the end of the data gathering, it also became more important to ask specific questions, in order to shed light on angles

or aspect which had not been revealed. The only questions common to all interviews was about the interviewees' background, position, education, and their role in the Tax Campaign.

The interviews lasted from between half an hour up to an hour and a half. Foss, Nordtun and Sørfønn had only about half an hour available each, but compensated this by being extremely efficient, concise and to the point. The one exception was Steensnæs, with whom I only got a few minutes. I trust, however this was compensated for by interviewing his political advisor. At the end of each interview, the interviewees were invited to add anything they felt had not been touched upon during the conversation. After each interview session, the interview was transcribed into text, correcting for linguistic errors. The transcription was e-mailed to the interviewees who made the necessary corrections and returned an approved version. One might argue that allowing the interviewee to make corrections, makes the material less reliable. In my opinion that is not the case. In fact the interviewees, in most cases, returned the transcription with only very few corrections, which more often than not was a result of bad sound quality, my failure to pick up particular words or use of improper language. Only one time was there considerable corrections. The reason was apparently discomfort with the verbal style of the transcript, a problem pointed out by Kvale (1996: 172). I made the decision to comply with the interviewee's wishes, since there were no substantial changes, and since what I after all tried to do was get as accurate a description as possible of *their* impressions, opinions and perception of the case. The principle that the interviewee should feel comfortable with his or her statements, and safe that no negative effects may occur as a result them, was more important to me than holding on to every single word actually on the tape (Kvale 1996: 116). All in all, I would say that this practice led to clarification. The quotes used from the interviews were translated from Norwegian by the author. Norwegian versions can be retrieved upon request.

Special care had to be taken when dealing with my one anonymous source. At first I was uncertain as to whether or not I should include the source at all, but decided to do so, due to quite a few revealing statements, and an insight into the climate of opinion in the OED at the time of the case, which I doubt would have been attainable from a named source. I am aware of the weakness concerning confidential informants. Kvale says that: "A conflict exists between the ethical demand for confidentiality and the basic principles of scientific research, such as intersubjective control and the possibility of reproducing findings by other scientist" (Ibid 115). I believe that this disadvantage

was made up for by the information provided by that particular source and that my other sources confirm its reliability.

In addition to the interviews conducted especially for this study, I refer to a few other interviews conducted for the Petropol Project, and which have not been made especially for this study. The information is nevertheless of interest to the context of this case. These interviews include Arne Austreid (President and Chief Executive Officer, Prosafe/Representative of the Board, OLF), Maiken Ims (Director of Communications, OLF), Tor Steinum (Senior Vice President for Media Relations, Hydro) and Ola Morten Aanestad (Vice President for Media Relations, Statoil).

3.2.3 Reliability and validity

Statistic generalization is of course not possible or even desirable in qualitative research. Reliability also has to be assessed differently in qualitative research. Daymon & Holloway say that it is: “[...] the extent to which a research instrument such as a questionnaire, when used more than once, will reproduce the same results or answers. However [...] you yourself are the main research instrument, and therefore your research can never be wholly consistent and replicable” (Daymon & Holloway 2002: 90). Reliability will thus always be questionable in the case of qualitative research, being at the mercy of the researcher’s objectivity. Perhaps the only real measurement is whether or not the product seems convincing and plausible to the reader.

Daymon & Holloway quotes Maxwell when describing validity as: “[...] the credibility of description, conclusion, explanation, interpretation, or other sort of account” (Maxwell quoted in Daymon & Holloway 2002: 90). In order to strengthen this credibility, the researcher must demonstrate the quality of the study through retrieving all relevant evidence, including all major rival interpretations, addressing the most significant aspects of that case, and bringing his or her own expert knowledge into the study (Yin 1994: 123-124). Kvale sums this up by characterizing validity as *quality of craftsmanship*: “Validation comes to depend on the quality of the craftsmanship during investigation, continually checking, questioning, and theoretically interpreting the findings” (Kvale 1996: 241).

External validity through *theory-based generalization* may however be possible. It means:

[...] being able to transfer theoretical concepts found in one situation to other settings and conditions [...]. In order for your own work to have external validity through “theory-based generalization,” ensure that you have related the findings of your study to the literature in order to arrive at your own theoretical propositions or concepts (Daymon & Holloway 2002: 92).

It has been my intention to try to achieve this kind of theory-based generalization for this study.

There are certain possible weaknesses in the choice of any method, which may reduce both the reliability and the validity of a study. Qualitative interviews are “[...] subject to the common problems of bias, poor recall and poor or inaccurate articulation” (Yin 1994: 85). Especially in a case like this, where actors might seek to justify their actions, the possibility of post-rationalization on the interviewees’ part is very likely, and I did see a few examples of discrepancy between interviewee statements and the position they advocated at the time of the case. Former Minister of Petroleum and Energy, Einar Steensnæs, for instance, maintained that he “[...] perceived the proposition as quite hopeless, unconsidered and totally unacceptable” (Steensnæs, interview, 25.01.2005), even though he on several occasions had declared himself open to at least discussing the tax regime of the oil industry (*Aftenposten* 04.11.2002; *Dagens Næringsliv* 09.1.1.2002; *Teknisk Ukeblad* 21.03.2002). I trust such discrepancies have been revealed and corrected for through the use of multiple sources.

The choice of interviewees represents a methodological challenge in itself. One could argue that my choice of actors puts me in a position where I am unable to fully answer *how the industry acted strategically in relations to these stakeholders* and whether the lobbying did *influence the oil industry’s stakeholder relations* (research questions 2 and 3), thus reducing the validity of my study. There are certainly stakeholders I did not speak to, for instance the oil industry’s allies, and this study has not sought to reveal any effects on these stakeholder relations. The reason for this is empirically and theoretically founded. All stakeholders were identified through interviews and media analysis. The study was, due to its stakeholder and lobby specific focus, limited to allies which were strategically important in influencing the political decision. More work was thus devoted to the stakeholders which at some point were, in Mitchell et al’s (1997) terminology, *definitive stakeholders*. The main emphasis was on uncovering the effect increased ally activity might have had on definitive stakeholders as political decision-makers, than on the allies’ motivations, and their perception of their relations with the industry. Furthermore there have political parties and public officials who were not interviewed, again based on a continuous empirical and theoretical analysis of which actors were most important to this case. From the the position of a general stakeholder identification, my study would certainly be insufficient, given the premise that stakeholders are in principle infinite (Freeman 1984). But within the limits that the purpose of the lobby campaign was to influence a specific political decision, and that certain stakeholders strategically interesting to that particular purpose were identified using Mitchell et al’s (1997) framework, it is my opinion that the research questions

are possible to answer given the theoretical framework, and the application of triangulation through multiple sources.

There are potential weaknesses in relying on media coverage as well. Yin mentions the *bias* of the author as a problem (Yin 1994: 81). In this particular case I see this as an advantage rather than a problem, since I wanted to uncover how the media as stakeholder reacted to the campaign, as well as mapping the chronology of the case. The bias of the newspaper reports did, however, demand a critical awareness on my part when using them as historical sources. The biggest problem with relying on newspaper articles is the unreliability of ATEKST. Srebrowka shows that there may be significant differences between ATEKST and the paper version, and draws the conclusion that:

[...] ATEKST presents a completely different newspaper than the one printed on paper [...]. This has the practical effect that those who choose ATEKST as their only source of information about the newspaper's content, may get an incomplete or distorted impression of what the newspaper presented to its audience (Srebrowka 2005: 42).

As mentioned earlier, I tried to reduce any imbalance created by the unreliability of ATEKST by in addition doing direct searches on the newspapers homepage, which brought about a few new articles. There may still be deficiencies, since newspapers' web archives are hardly totally reliable, and because some articles may be missing due to copyright legislation. Since this is a case study relying on several sources, I do not believe that this incompleteness represents a major problem. After all, the media analysis is not *the* subject for the study, but represents only *one* method in the case study. It is furthermore compensated by the fact that I interviewed journalists from the major newspapers, and asked most interviewees how they had experienced the media's role in the case in question.

The most apparent problem concerning administrative documents is that the “[...] casual investigator may mistake certain kinds of documents [...] for those containing the unmitigated truth” (Yin 1994: 82). But Yin goes on to clarify the approach of studying documents, which in fact very neatly sums up the role this category of sources played in this study: “[...] the documentary evidence reflects a communication between other parties attempting to achieve some other objective” (Ibid).

Acknowledging the potential weaknesses concerning my choice of methods and sources, I hope that I have managed to compensate for any such weaknesses through the method of triangulation. In order to present the most reliable description of the case, multiple sources have been used, and multiple positions, opinions and angles are represented in the empirical material.

PART 2

This part contains the analysis of the case, using the theoretical framework presented in chapter 2. The analysis is presented as a narrative divided into three chapters of analysis and one conclusive chapter. The three analysis chapters correspond with the pre-decision phase, the decision phase and the post-decision phase presented in table 2.3.

4 THE PRE-DECISION PHASE - PREPARING THE GROUND

4.1 BACKGROUND

The pre-history of the case dates back to 1998, when the oil price drops dramatically, giving an average of 12.71 USD and an absolute bottom of 9,45 USD⁴ (Statistisk sentralbyrå 2006 [online]) The oil industry apparently perceives the situation as something of a crisis (Bøhm, interview, 09.12.2005; *Dagens Næringsliv* 24.08.2004). This slump and the following internal pessimism is the backdrop for the campaign which follows. There is concern about the future of oil industry on the Norwegian Continental Shelf. After pressure from the OLF, who demand reduction of the special tax and removal of the CO² tax, an official committee is appointed on October 22nd, 1999, headed by Deputy Director General Nina Bjerkedal from the Ministry of Finance⁵. The committee's mandate is: "[...] to evaluate whether the petroleum tax system contributes to a socially-economically optimal utilization of the resources on Norwegian continental shelf (NOU 2000: 18 ch.1)." The report, released on the 20th of June, 2000, states that: "[...] the special tax for petroleum industry should still be estimated equally (Ibid)" In effect, the recommendations results in a tax increase for the oil industry.

Member of the Kon-Kraft Tax Project's project group and Manager for Fiscal Conditions for the OLF, Frode Bøhm, suggests that the industry's lobby efforts had back-fired: "First, we chased the tax system, but at the end the Bjerkedal-Committee ended up chasing the industry" (Bøhm, interview, 09.12.2005). The tax conditions have, according to *Aftenposten*-journalist Alf Ole Ask, "[...] been a recurring conflict between the oil companies and the state" (Ask, interview, 06.10.2005). Such

⁴ Oil prices are based on Brent Blend prices.

⁵ The other participants are Senior Research Fellow Karine Nyborg (Ragnar Frisch Centre of Economic Research) Advisor Karine Berg (the Oil Taxation Office), Deputy Director General Morten Evjenth Lindbäck (the Ministry for Petroleum and Energy), Associate Professor Phd. Diderik Lund (Department of Economics, University of Oslo), CEO Jan Syversen (the Association for Tax Payers), Senior Economist Eirik Wærnes (ECON) (NOU 2000:18).

earlier lobby advances have theoretical interest, since it illustrates the cyclic nature of the lobbying phases. The lobby campaign here in question starts off partly as a result of the failure of the previous one which set off the Bjerkedal-Committee. The post-decision phase of the first campaign evolves into the pre-decision phase of the next. The turn from post-decision phase to pre-decision phase comes when the industry apparently decide that they once again aim for a change in the special tax legislation, awakening the issue from “sleeping” mode to public issue, as theoretically illustrated by Jaatinen (1999) and discussed in chapter 2.3.5.

4.2 THE EARLIEST ADVANCES

Even though only a few newspaper articles are written on this matter in 2002, they do give clear indications as to what is going to happen. These articles seem to be initiated by the industry. Director General of the OLF, Finn Roar Aamodt, “tests” the arguments that is to dominate the debate in the sector specific *Teknisk Ukeblad* (*Teknisk Ukeblad* 21.08.2002). The initiative towards the media these first months is taken by oil company Hydro, represented by Executive Vice President for Oil and Energy, Tore Torvund, in particular. Research Fellow of the Ragnar Frisch Centre for Economic Research and former member of the Bjerkedal-Committee, Karine Nyborg, describes Hydro’s media domination these first months:

During autumn 2002, several interviews with Tore Torvund from Hydro appeared in *Aftenposten*, and also in a few other newspapers. He there described how incredibly difficult the oil industry’s tax conditions were, and how important it was to change tax legislation. These interviews and press statements were largely printed without critical questions from the journalists, and without reference to the fact that the issue had been evaluated and decided in Parliament. It was as if that had never happened. This reoccurred during the whole autumn, winter and spring (Nyborg, interview, 03.10.2005).

In his media appearances during autumn 2002, Torvund does indeed express his concern that Hydro has probably reached the peak in their production of North Sea oil, that production is likely to decrease, and the tax system prevents research and development, and also reduces the attractiveness of the Norwegian Shelf for international oil companies (*NTB* 21.10.2002; *Aftenposten* 02.11.2002). It is evident from the autumn of 2002 that the oil industry, fronted by Hydro, intends to achieve adjustments in the tax regime, above all in the so-called special tax. Adapting Ihlen’s & Robstad’s description of a strategic plan (Ihlen & Robstad 2004: 80), we may conclude that the overall goal is to achieve a special tax reduction. In Kugler’s terms (Kugler 2004: 74), that implies a *defensive lobbying*, aimed at amending or abolishing existing regulation. The means to achieve that goal is lobbying tactics of both direct and indirect nature, applied with variable intensity during the lobbying phases to follow.

The issue's visibility in the media signal the industry's priority of indirect tactics as media relations represent, which is a trait of this first phase (table 2.3). The arguments presented are, in Mayhew's (1997) tenor, technical in the sense that they seek to describe their perception of the reality of the Norwegian Shelf, and political in the sense that they postulate the devastating effect of not following their advice. The political argument of unemployment as an effect of reduced activity will prove to be an important argument during this first phase, presented several times through the indirect channel of the media. Through the unemployment argument, the industry advocate that reduced special tax would represent, to apply the Excellence-Model, (Grunig et al 2002), a win-win situation for both society and industry, while ignoring their claim would imply a lose-lose situation

In November Eivind Reiten, president and Chief Executive Officer (CEO) of Hydro, delivers the same message at an oil conference (*Dagens Næringsliv* 09.11.2002). This statement reveals an early direct lobbying, representing informal arenas of communication between political decision-makers and industry (table 2.1). The visibility and activity of the absolute top management can only point to Hydro's priority of the issue. Torvund is one of five Executive Vice Presidents in the Hydro management, reports directly to Reiten and is part of, in Grunig et al's (2002) terminology, the company's *dominant coalition*⁶ (Hydro 2006 [online]). My OED-source says that: "Hydro was the one who took the lead in these tax matters" (Anonymous OED-source, interview, 06.01.2006)." Ask, being an external observer, is also of the same opinion, stating that: "[...] the tax issue is being run by Hydro [...]" (Ask, interview, 06.10.2006). Torvund explains the reasons for his activity:

I suppose it is correct that I was visible. You often have to give a face to certain messages [...]. We undertook reorganizations in the OLF during that period. We had, in many ways, no visible front figure in the OLF, while I sat in the same position as I still do. So I presented the issue externally (Torvund, interview, 27.03.2006).

Trying to influence public opinion or communicating their claim to the political stakeholders, in order to prepare the ground for what is to come, is obviously important to the industry at this stage. Indirect lobbying through the press is clearly a prioritized tactic. Halvorsen describes the media as "[...] a channel in order to reach different target groups, but which may also be a target group in itself, so that they understand an issue the way we want it to be understood, and that they preferably get an impression of the business which is in our interest" (Halvorsen, interview, 01.11.2005).

⁶ "In essence, the dominant coalition is the group of individuals within the organization who have the power to determine its mission and goals. They are the top managers who "run" the organization" (Grunig et al 2002: 141).

Director of Communication for the OLF, Maiken Ims, supports this indirect influence function of the media, and observes that even politicians are not unaffected by media's influence:

And society is constructed so that politicians relate strongly to the media [...]. there are symbioses between Akersgaten⁷ and Parliament [...]. Members of Parliament talk to their own through the media [...]. And getting out the "to be or not to be" of the industry, getting views and thoughts and so on and so forth out through the media; that influences Members of Parliaments as well (Ims, interview with Øyvind Ihlen, 29.12.2005).

These statements support a wide lobbying definition, on the grounds that the industry themselves communicated strategically with non decision-maker stakeholder in order to influence the political decision, or, in other words, consciously applied indirect tactics and part of their strategy, to apply Ihlen & Robstad (2004: 80). The media's legitimacy derives, following the terms of Mitchell et al (1997), from its role in society. Their power is of course dependent on whether they have any influence on other stakeholders, like decision-makers or the general public, thus being potentially symbolic in nature. The urgency aspect of the media is, from the industry's point of view, apparently present during this pre decision-phases in order to make the tax reduction an issue at all. Presenting their position in a manner which makes the media take favourable stand, thus from the decision-maker stakeholders point of view increasing the urgency aspect of the claim.

The indirect tactics seem to have an effect. During this first period it becomes apparent that the governmental stakeholders are not at all dismissive of the industry's claims. Although the Ministry of Finance does not publicly comment on the issue during 2002, but attends the oil conference in November, without addressing the tax issue in particular (*Dagbladet* 06.11.2002), the Minister of Petroleum and Energy, Einar Steensnæs, on at least three occasions states that he is open to discussing the petroleum tax regime (*Aftenposten* 04.11.2002; *Dagens Næringsliv* 09.11.2002; *Teknisk Ukeblad* 21.03.2002). In the same *Dagens Næringsliv* article he even says that: "[...] changes in the tax system will force its way through." The Minister thus takes a stand indicating that he is prepared to engage in two-way symmetrical dialogue (Grunig et al 2002) on the issue. Political advisor Øyvind Håbrekke explains Steensnæs' openness:

[...] it lies in the ministries' different roles [...] that the Ministry of Finance every single day experience a massive pressure from sectors wanting reductions for themselves, while the OED has the responsibility for one defined sector, which it is the responsibility of the Minister of Petroleum and Energy to develop further. And the different roles explain why they might have expressed themselves differently. The Minister of Petroleum and Energy's responsibility is to always see opportunities for further development of the oil and energy sector and increase the activity on the shelf and increase the interest for the Norwegian Shelf (Håbrekke, interview, 02.02.2006).

⁷ Norwegian counterpart to Fleet Street.

The oil industry's and particularly Hydro's media domination continues into 2003. There are certainly no clear counterarguments from the press and indeed very few, if any critical, questions. Headlines like "Norway has reached the oil peak" (NTB 21.10.2002), "Oil activity heading downhill" (*Bergens Tidende* 15.01.2003) and "Oil-Norway is pressed for time" (*Bergens Tidende* 05.06.2003) exemplify that the media in some cases are slightly positively biased. Even Ask, who later turns out to be very critical, admits that there are aspects of the industry's arguments that seem acceptable: "I was the one who did the interviews with Tore Torvund at the time. It was there he presented this idea for the first time. And [...] at that time the yard-industry struggled more than ever. And it all seemed very alluring" (Ask, interview, 06.10.2005). Such statements may increase the urgency aspect of the issue with decision-maker stakeholders.

The threat of unemployment is an effective argument for the oil industry, but already now one very important external factor starts working against the oil industry: the oil price. Rysst Jensen describes the development: "What happens around 2002 and 2003, is that we start to get an enormous increase in oil price. We were, at that time, in the upper twenties. Then it started to go above thirty dollars, and move its way up above forty and up towards fifty dollars (Rysst Jensen, interview, 02.02.2006). The oil price rises to 31, 35 USD in December 2002 and remains stable and high, going as high as 33, 79 USD in week 10 (Statistisk sentralbyrå 2006 [online]). This trend continues through the whole campaign, representing a considerable factor in the oil industry's disfavour.

4.3 THE PUBLIC OFFICIALS – A PARTICULAR STAKEHOLDER GROUP

Although indirect tactics dominate the first phase, the industry are certainly conscious about their ultimate target stakeholders: public officials in the Ministry of Finance and the Ministry of Petroleum and Energy, governmental decision-makers and parliamentary decision-makers. Their salience is, without anticipating the development of the case, not yet definitive. Their status is, in Michell et al's (1997: 875) terminology, that of the *demanding stakeholders*, not possessing power until the decision phase. That does not of course mean that these aspects are not present in a general sense, nor that their stand is uninteresting. Urgency is thus present, but on this particular issue, they do not yet possess the power to formally bury the issue. The legitimacy is naturally present, due to democratic and parliamentary principles. These stakeholders importance is certainly, however, definitive during

the succeeding decision-phase, making them a target of direct lobbying communication already at this stage.

The importance of the public officials as stakeholders seems to be a particular trait of this case. Convincing the public officials seems, in petroleum related issues in general, to be the key to both government and Parliament. The reason is the chain of influence that runs from the public officials to the Ministers and the government, as well as into Parliament. Vice Director General for the OLF, Nils Heileman, says that:

The Ministry of Finance is without comparison the most important [...]. it is obvious that in a matters such as this, which are so incredibly complex and which has such enormous consequences, Parliament is less important. In my opinion, Parliament will hardly do anything which the Ministry of Finance does not recommend. In other words: it is the Ministry of Finance who must be influenced [...]. It is very rare, I dare say after fifteen years in the Ministry, that a Minister does not listen to his public officials in important matters [...] in the oil sector in particular, nothing happens if the public officials are not in on it. Just because [...] people are in such awe and have such respect for the consequences and the dramatic effects of changes in this sector. Therefore, I believe that there is no politician, no Minister, that I know of, who dare defy advice from central public officials [...]. The influence on the politicians is much greater from the central officials than from anybody (Heileman, interview, 29.11.2005).

Bøhm concurs as to the stakeholder importance of the public officials:

You at least need to have the public officials with you, since Norway has very competent ministries. I do not believe it easy to go around them. And we did not do to that either [...]. Because there are lots of incredibly complex connenctions here [...] we need to, at least in my opinion, discuss issues with the ministries before going to the politicians (Bøhm, interview, 09.12.2005).

As both Heileman and Bøhm underlines; the complexity of the issue and the consequences of petroleum political decisions make the public officials in this sector perhaps more important than in other sectors. Tore Nordtun, himself a seasoned parliamentary politician with experience from both the Committee of Finance and the Committee of Environment and Energy, and as former Mayor of Stavanger, supports this reasoning:

The ministries are interesting in this context, since this issue is so technically complicated. Clearly the OLF though so. Because the OLF know that we ask the Minsistry of Finance for evaluations and estimations. Because we do not ourselves have an evaluation secretariat of the necessary dimensions. So Parliament knows only one place to get that, and that is to contact the Minster of Finance, who activates his secretariat. So [...] the ministry [...] must have been incredibly interesting for the OLF, and they certainly spent a great deal of time on them [...] (Nordtun, interview, 09.02.2006).

Håbrekke agrees, stating that:

The ministries are very important [...] in this case [...]. It is probably a correct general analysis that, in order to have a chance to get through, I shall not say that they had to get through to the minsteries, it was not absolutely necessary, but it was an absolutely correct analysis on their part to identify the ministeries as their main target group (Håbrekke, interview, 02.02.2006).

This distinction between ministers and public officials, or *ministries*, supports the finer scaled model where governmental stakeholders are separated into governmental politicians and public officials, as proposed by Jaatinen (1999: 69) and shown by model 2.3. There are channels of influence going from public officials, and to the respective ministers, the government in general and Members of Parliament. It is of course crucial to remember that the chronology indicated is not absolute. The urgency and legitimacy of the public official stakeholder group is based on their roles as neutral experts and advisors to the Minister, and although their power is only advisory, it is in effect very strong, due to the influence they yield over the political decision-maker stakeholders. Although lacking utilitarian or coercive power (Mitchell et al 1997: 865), the strong symbolic power of the public officials will make them definitive stakeholders during the earliest part of the decision-phase. Many year Committee of Finance Member, Ingebrigt Sørfohn, observes how the industry strategically applies lobbying pressure to different stakeholders:

[...]in the beginning [...] one has a very strict focus on the ministries, until one suspects which turn it takes in the ministry. Then comes the governmental parties, and parallel to that the opposition parties [...] (Sørfohn, interview, 07.02.2006).

The lobbying party is apparently fully aware of these chains of influence and the need to win the support of the public official of the OED and the Ministry of Finance. A crucial instrument for convincing them is the Kon-Kraft Tax Report (Kon-Kraft 2003c).

4.4 THE INSTITUTION OF THE KON-KRAFT TAX PROJECT – THE FORMING OF AN ALLIANCE

On 10th December 2002 the Senior Management Forum decides that the oil industry shall participate in an evaluation of their own tax regulations through the so-called Tax Project:

The Tax Project is a project instituted by Kon-Kraft under the Senior Management Forum.[...] Together with the Activity Project and the Reputation Project, The Tax Project is one of three projects instituted by Kon-Kraft in 2003. Kon-Kraft is led by the Senior Management Forum which consists of representatives from oil companies, the supplier companies, the authorities, research institutions, trade unions, as well as other companies associated with the petroleum industry (Kon-Kraft 2003c: 5).

First, a brief reminder of the different names and actors. The Senior Management Forum is, as mentioned, designed to be an arena for dialogue between government and oil industry. It is in itself an arena of direct influence, thus being in itself an arena for *informal direct lobbying* between governmental decision-maker stakeholders and the oil industry (table 2.1). The Forum is led by the Minister of Petroleum and Energy, and the oil and supplier industry is broadly represented at CEO-level. Nina Bjerkedal represents the Ministry of Finance. The Senior Management Forum leads the

process that is given the name Kon-Kraft. Kon-Kraft is, as mentioned earlier, described by the industry not as an association, but as a process, with the strengthening of the competitive power of the Norwegian continental shelf and the maintenance of the Norwegian supplier industry as its primary objectives (Kon-Kraft 2003c: 6). Although it is unclear who initiated these Kon-Kraft projects, the activity of the industry suggest that this is an extensive example of *organization initiated contact* and *consultation* (table 2.1).

Given that the Minister of Petroleum and Energy heads the Senior Management Forum, from which Kon-Kraft gets its mandate, the project in a way borrows legitimacy from the government. The Tax Project includes representatives of other oil companies, and, among others, the Norwegian Confederation of Trade Unions (LO), The Federation of Norwegian Engineering Industry (TBL), The Norwegian Ship Owners' Association (NSA), Kon-Kraft and the OLF. The Norwegian Petroleum Directorate and the Ministry of Petroleum and Energy also have representatives with observer status present during parts of the process (Kon-Kraft 2003c: 5). Forming alliances with stakeholder organizations like the TBL, the LO and the NSA will certainly be a priority at this point. These organizations are, from the industry's position, definitive stakeholders with all three present: power, urgency and legitimacy (Mitchell et al 1997). They are valuable allies for the purpose of the lobby campaign, since their participation undoubtedly, from a decision-maker point of view, increases the same traits of the entire undertaking. Doing the project under the Kon-Kraft umbrella gives the initial report the official backing of the whole industrial cluster, an effect the OLF alone could not have achieved.

As an ally, the LO is probably the key. *Dagens Næringsliv*-journalist Jostein Løvås says that:

Had they managed to push the employment aspect to the front, and mobilized the LO, this might have ended differently, especially if there had been a Labour government in position. The LO would have had to be the key. They could have pushed forward that ordinary people ran the risk of losing their jobs (Løvås, interview, 05.10.2005)

The LO's extraordinary position has, as Løvås points out, to do with the political channels into the Labour Party. Even with Labour in opposition, such an indirect influence could make a difference, considering the parallel lobbying of the industry carried out, against both opposition and government. LO's stake in the issue is of course related to a specific aspect, namely the employment argument advocated by the industry in the media, stake being "[...] an interest or share in an undertaking" (Carroll & Buchholtz 2003:69). This organization's stake in the issue totally depends on

the risk of unemployment as a result of a decline in oil production. If oil production declines, and the oil industry must limit its presence, this will necessarily have effects on employees throughout, not only the oil industry itself, but also the large contractor industry.

Although the Kon-Kraft alliance has the potential to strengthen the industry's case, they seem to fail to emerge completely united. At this point, there is little doubt that Hydro still is the company with the largest *stake* in the project. Torvund is appointed Chairman of the Steering Committee, while Rysst Jensen is leader of the Project Group (*Dagens Næringsliv* 24.08.2004; Kon-Kraft 2003c: Appendix 1). Journalist Ulf E. Rosenberg of *Stavanger Aftenblad* is of the opinion that Hydro was a motor in the Tax Campaign: "[...] I believe that the fact that Hydro went in with two leaders [...] means that Hydro to a large degree were a driving force in this" (Rosenberg, interview, 04.11.2005). Governmental decision-maker Foss agrees with him: "[...] it is apparent that the management in Hydro played quite a large role in the OLF's work" (Foss, interview 05.10.2006). Although Statoil, ExxonMobil, RWE Dea, Shell, Total, ConocoPhillips, as well as non-oil companies and organizations participate (Kon-Kraft 2003c: 5), Hydro's dominance is obvious.

The fact that the foreign oil companies do not take a leading role in this process is not so strange, considering the issue being the Norwegian tax regime. By decision-maker stakeholders they might in fact not be perceived to have any real legitimacy in the issue at all. But where is Statoil? Ask states that: "Statoil dropped out of this desperate race" (Ask, interview, 06.10.2005). Vice President for Media Relations in Statoil, Ola Morten Aanestad, describes the Tax Project as:

[...] an issue to which Statoil in a way remained more lukewarm. Statoil did participate, we had our Steering Committee representative, and we did not oppose the goals which were set concerning tax conditions. But we were not initiators as opposed to Hydro. We were more spectators, because we did not think that this [...] was the most important issue (Aanestad, interview, 28.11.2005)

Torvund considers it has to do with external factors, but disagrees that the project is more important to Hydro than to anyone else:

[...] there were several other issues which occupied Statoil during that period. But I did not experience it as less important to Statoil than to Hydro. This was general. It is obvious that I spent more time on the issue than peers in Statoil. But this was no initiative from Hydro, and it would have been in the common interest of the entire industry (Torvund, interview, 27.03.2006).

The conclusion is that even though the campaign is run through Kon-Kraft and the OLF, it is evident that Hydro are far more active than all the other companies on the Norwegian Shelf. Hydro still act on their own and the industry's behalf in the press, arguing the necessity of a tax reduction.

Torvund appears in the media presenting the same arguments as before (*Aftenposten* 08.05.2003; *Bergens Tidende* 05.06.2003), and even though they maintain that Hydro now acts on behalf of the entire industrial cluster (Bøhm, interview, 09.12.2005; Rysst Jensen, interview 02.02.2006), they still emerge as more dedicated than any other single actor

4.5 THE LABOUR PARTY'S KEY POSITION – THE NEED FOR POLITICAL CONSENSUS

Although the Tax Report is not due until August 2003, there are by May definite signals from both parliamentary and governmental stakeholders that they are ready to consider the industry's recommendations. Labour's spokesperson on energy political issues, Sylvia Brustad, expresses herself in positive terms:

The thoughts he [Torvund] presents are, in my opinion, interesting. We in the Labour Party are open to grant a tax reduction to so-called tail production. [...] I do not yet wish to commit myself to a model, but consider what the oil industry own tax evaluation presents (Brustad quoted in *Aftenposten* 10.05.2003)

Although there have certainly already been direct contacts, it seems that the indirect media lobbying has been effective. There are in other words apparent openness as to engage in, following Grunig et al's (2002) terminology, symmetrical dialogue from key parliamentary stakeholder Labour. The issue is now established on the media agenda (although limited to a few newspapers), and the industry has succeeded, possibly through the urgency of the press, to make the issue political. Political stakeholders now realise the necessity of giving the industry's claim serious consideration. Although the public officials are regarded as most important by actors within the OLF, they certainly communicate with parliamentary stakeholders as well. The reason for the parallel efforts is linked to the importance of the officials: complexity and consequences. Nordtun states that the legislative decision-makers:

[...] do nothing unless there is a very broad support behind the resolutions we make, so that they may stand firm for longer periods of time, in other words so that the tax conditions may be predictable [...] so that the industry know what they have, and know that they can trust us (Nordtun, interview, 09.02.2006).

Foss agrees to the necessity of political agreement in these matters: "The Norwegian petroleum tax system has always been changed through political consensus. In other words, there has been a process which all parties, most often except the Progress Party and the Socialist Left Party, have joined (Foss, interview, 05.01.2006). Sørfohn says that the industry:

[...] probably had, as far as I remember, a double, not a double agenda, but they worked sort of double in an attempt to, of course, give their information to the governmental parties, while at the

same time trying to do something with the opposition, so that there might be a majority, which would go further than the governmental parties (Sørfonn, interview, 07.02.2006)

Halvorsen confirms the need to achieve a broad political understanding:

If we are to be able to contribute to guaranteeing stable tax conditions in a long term perspective, we are dependent on achieving political approval and achieving the widest possible majority among the Members of Parliament (Halvorsen, e-mail correspondence, 06.02.2006).

Labour is doubtlessly the most important non-governmental decision-maker stakeholder group.

Aftenposten writes that: "If Labour supports a tax reduction, it is unlikely that the Conservative Party stalls the government on this issue" (*Aftenposten* 10.05.2003). The reasons for Labour's key position may be manifold. There are, historically speaking, tight relations between the party and the oil industry. Labour is furthermore a traditionally industry-friendly party. If the government rejects the industry, Labour can, however not achieve a majority in a Parliamentary vote, even with the support of the Centre Party, the Progress Party and the Coast Party. Such a majority would require the support of the Socialist Left Party, which indeed is quite unlikely.⁸ Nordtun is clear about the necessity of persuading Labour on an issue such as this, both due to their size and weight in parliament, and the general need for political consensus on such matters:

That Labour was interesting: Yes. Because we are, regardless of whether we are in position or in opposition, so large and so important, that one needs needs Labour to achieve any firmness. And the OLF certainly saw that (Nordtun, interview, 09.02.2006).

Halvorsen is reluctant to rank specific parties over others, but admits that the Labour Party was in a special position during this campaign:

We know [...] from experience that [...] the Labour Party is a party which is very concerned with commercial and industrial politics, and this is, on account of its size, a party with considerable influence. I do not, in other words, mention Labour because they were more interesting, but in order to explain why dialogue with them among others, was important, even though they were not in position (Halvorsen, e-mail correspondence, 06.02.2006).

There is little doubt that the industry, even though they maintain a wide approach, are strategic as to which parties they allocate resources in lobbying. Heileman does, for instance, point out certain political parties as being particularly uninteresting:

[...] the Socialist Left Party is the party which we have consequently spent the least time on [...]. We have identified a few political parties as relatively uninteresting. We have been very uncertain about the Centre Party, because they have very diverse positions [...](Heileman, interview, 29.11.2005).

⁸ The number of representatives in Parliament in 2001-2005 were the Conservative Party: 38, the Labour Party: 43, the Socialist Left Party: 23, the Centre Party: 10, the Christian Democratic Party: 22, the Progress Party: 26, the Liberal Party: 2, and the Coast Party 1. (Stortinget 2006 [online])

The industry communicate with other parties, like the Progress Party, as well (*Dagens Næringsliv* 15.10.2003a), but the fact that their support can be more or less taken for granted means that less time and effort is spent trying to influence them. Labour seems to be *the* parliamentary stakeholder in this case. Their size makes them definitive non-governmental decision-maker stakeholder group, not because they can attain a majority, but because they can provide the necessary political consensus, on which the industry is so dependent.

4.6 THE FIRST STAKEHOLDER OPPOSITION

In May 2003 the Minister of Finance, Per-Kristian Foss, initiates a meeting in the Directorate of Petroleum after which he also meets Statoil and OLF. Such an example of *government initiated consultation* (table 2.1), is in itself an indication that the Minister takes the matter seriously. This is according to Foss the first time the industry present their position to him personally (Foss, interview 05.01.2006). He afterwards expresses concern about the current state on the Norwegian shelf, commenting that the development is more alarming than it ought to be and that he is open for changes in the special tax (*NTB* 20.05.2003). Important stakeholders such as the Minister of Petroleum and Energy, the Minister of Finance and Labour all state that they are willing to discuss the tax regime. The possibility for entering a two-way symmetrical dialogue (Grunig et al 2002) about the issue with groups that will emerge into definitive stakeholders (Mitchell et al 1997) seems within reach. The decision-makers do, however, await the Kon-Kraft Tax Report. It is evident that the industry has the parliamentary support of the Progress Party on this issue. And with a positive attitude in the media, there is at this point really no major stakeholders opposed to the oil industry.

Senior Research Fellow Karine Nyborg apparently feels that the industry and their unemployment argument has dominated the media for too long:

This was, up until the summer of 2003, a lobby campaign which looked as if it was going to go all the way. Several politicians were appeared stating that we need to consider doing something about this. There were enough supportive statements to achieve a majority in Parliament. It looked for a long time as if this would be a great success. [...] when I joined the debate in early summer 2003 [...], it was because I felt that the oil industry had been permitted to lob through the media for so long [...] and without one single critical question [...]. I had the impression that the media until the summer of 2003 to a large degree acted as a channel for Kon-Kraft's points of view [...] (Nyborg, interview, 03.10.2005).

She describes her own contribution as shifting the focus from a political issue about unemployment to a political issue about tax:

I was afraid that the employment angle would be too predominant, so that it would become politically impossible for the government to stall the interests of the OLF. In spite of the apparent certainty in

the Ministry of Finance that it was a bad proposition. The OLF obviously tried to give the media the angle that oil and yard employees' interests were in focus. I thought that if the government really wanted to reject the proposal, it would be easier for them if it was turned from a question of employment to a question of greedy oil companies (Ibid).

In her article "Do not reduce the oil tax!" she launches the first real counterarguments to the oil industry (*Aftenposten* 17.06.2003). Nyborg takes the role of a hostile ad hoc stakeholder. The industry apparently disregard the legitimacy of her statements, but with the symbolic power of expertise and the urgency of trying to punctuate their undertaking and even influence other stakeholders, she represents a *dangerous stakeholder* (Mitchell et al 1997: 877). For decision-maker stakeholders or the media, it is possible that they to a greater degree perceived Nyborg to possess legitimacy as well, due to her expertise and her participation in the Bjerkedal-Committee, something the industry might have overlooked. Nyborg's article prompts several reactions from actors within the industry as well as supportive ad hoc stakeholders. Individuals such as member of the Tax Report Steering Committee Hans Henrik Ramm, Professor of Petroleum Economy Petter Osmundsen, Senior Advisor Leif Wollebæk from PetroAdvisor and Attorney Jan Samuelsen all write answers refuting Nyborg's statements (*Aftenposten* 22.06.2003; *Aftenposten* 27.06.2003; *Aftenposten* 28.06.2003; *Aftenposten* 08.07.2003).

Rather than being allies, these individuals are friendly ad hoc stakeholders (Ramm excepted, being a representative of Kon-Kraft). Osmundsen, for instance, gives his expert opinion as professor and scholar. Osmundsen's opinion is of obvious importance in a public debate, due to his expertise and symbolic power of academic office. He takes the role of Nyborg's academic counterpart. From the industry's point of view Osmundsen apparently possesses Mitchell et al's (1997) three stakeholder traits. It seems reasonable to conclude that he would probably possess the same traits in petroleum specific issues in the eyes of other actor. As for the others, who from an oil industrial point of view, would be only *dependent stakeholders* (Mitchell et al 1997: 877) lacking the power to exercise their claim solitarily, it is more questionable whether they from another point of view (for instance that of a political decision-maker) would have the necessary legitimacy, since they obviously have a vested interest, or stake (Carroll & Buchholtz 2003: 69), in the issue. That would leave them as *demanding stakeholders* (Mitchell et al 1997: 875). Nyborg replies in a second article concluding that only the oil companies, not society, will benefit from a tax reduction (*Aftenposten* 21.08.2003). The media now functions more as an arena of debate, than as a channel for the industry. The friendly ad hoc

stakeholders have remained silent until Nyborg confronts the industry, and their actions are in that sense reactive. Such support should, ideally, have been mobilized before Nyborg's criticism.

4.7 SUMMARY OF THE PRE-DECISION PHASE

During this first pre-decision phase the industry communicates actively with non-political stakeholders. Since indirect tactics are extensively and strategically applied, there is firm support for a wide lobbying definition. Such indirect tactics are moreover a trait of the pre decision-phase, as shown by table 2.3. The, in Mayhew's terms (1997) political unemployment aspect of the issue is successfully central in the industry's communication with and through the media stakeholder, who are in general positively biased towards the industry's claim. Using Mitchell et al's framework (1997), the media may seem to have a certain degree of symbolic power of influence, although urgency is probably the most salient trait besides legitimacy. Several political decision-makers express concern for the state of the shelf and that they are willing to consider the tax regime, indicating that the necessary political consensus may be achieved. Direct lobbying of both governmental and legislative decision-makers has already started, although the pressure is not yet fully increased. Communicating what Grunig et al refers to as a win-win situation (Grunig et al 2003: 357) through both direct and indirect means is pivotal to success of the campaign.

Through the Kon-Kraft Tax Project, the industry forms an alliance with other major stakeholder organizations, with a potential to strengthen the legitimacy, power and urgency of their claim, particularly when lobbying decision-makers. The report represents a comprehensive example of direct, information based lobbying (Mayhew 1997), which will be extensively discussed in the next chapter. The whole industrial cluster on the Norwegian continental shelf is now officially behind the Tax Report , further strengthening the industry's claim. Making sure that all three stakeholder traits, to apply Mitchell et al's framework (1997), are present with the allies will be a significant challenge during the next phase. The institution of the Tax Project under the government's approval shows that the industry have been successful in making the special tax issue a political issue, thus activating the decision-phase. The first opposition emerges, however, already at the end of the pre-decision phase, through dangerous ad hoc stakeholder Nyborg, triggering the support of other ad hoc stakeholders.

5 THE DECISION-PHASE - FIGHTING THE BATTLE

5.1 THE PRESENTATION OF THE KON-KRAFT TAX PROJECT'S REPORT.

The presentation of the Kon-Kraft Tax Project's report marks the beginning of the decision-phase of the lobby campaign. The oil industry now has an extensive report to refer to when stating their claims to key stakeholders. The report itself is presented at a major press conference on 28th of August, 2003 (*Aftenposten* 29.08.2003; *Dagens Næringsliv* 28.08.2003; *Dagens Næringsliv* 29.08.2003) and presented to the Minister of Petroleum and Energy the day after, illustrating that although indirect lobbying is still important, direct tactics will become even more so during the time to come. The conclusion of the report is clear: A reduced special tax for new findings and fields is a necessary means in order to realize socio-economically lucrative areas and increase the activity on the Norwegian shelf (*Stavanger Aftenblad* 28.08.2003). The recommendations are formulated like this:

[...] We recommend a reduction of the special tax for all new activities. A reduction of the special tax will be limited to new fields that have not yet been discovered or developed. A reduction of the special tax should basically apply to fields with plans for development and operation submitted after 2004.[...]. Apart from that, we recommend that the main features of the current tax system be maintained, including consolidation between tax regimes (Kon-Kraft 2003c: 115).

The resources invested in the Tax Project's report and the use of external consultants have been extensive⁹. The costs of external consultants have reached 10 million NOK (*Dagens Næringsliv* 07.05.2004). According to Løvås Hydro in addition made reports at their own expense (Løvås, interview, 05.10.2005).

The Tax Project's report is quite a comprehensive document which needs to be pursued in some detail. The most important reason is that the complexity of the issue requires a minimum of understanding on the reader's part, the report being such a crucial part of the lobby campaign, representing a lobbying tactic in itself. It is, to apply Mayhew's terminology (Mayhew 1997: 225), technical information in the sense that it is based on several scientific evaluations and supported by renowned companies, organizations and individuals. But it is at the same time political in the sense

⁹ The Administrative Research Institute at The Norwegian School of Economics and Business Administration, Professor Alex Kemp from The University of Aberdeen, DNB Markets, McKinsey & Company, Professor Petter Osmundsen from Stavanger University College, Wood Mackenzie and Ernst & Young are among those involved in studies commissioned by the Tax Project (Kon-Kraft 2003b:5).

that it draws attention to the impact it will have on society if the recommendations it gives are ignored. In spite of this duality, the Tax Project's report is primarily a piece of technical information.

Ask suggests that the use of external consultants diminishes the trustworthiness of the report when saying that Kon-Kraft "[...] hired lots of strange consultants in order to drive this question through" (Ask, interview, 06.10.2005). Even though there may be reasons to question the independence of this kind of commissioned research, the Tax Project provides the industry's claims with a higher degree of credibility and potency. Rosenberg explains that: "They did not simply present this as loose political positions, but supports it, they heavily emphasized giving it a foundation through evaluations and reports and thoroughness and decency, of course in order to get it through more easily" (Rosenberg, interview, 04.11.2005), exemplifying Mayhew's premise that modern lobbying is based on providing information (Mayhew 1997: 219). Even Nyborg admits that the research was more thorough than is the case with most lobby campaigns, although she does not acknowledge its neutrality:

There is no doubt that Kon-Kraft was a means in the lobby campaign, but it was a more thorough lobby report than many other reports. They spent vast resources hiring academic competence. But I fail to see that Kon-Kraft could be anything apart from a lobby organization. They tried, in a way, to make Kon-Kraft a subsidiary of the Senior Management Forum, thus giving it a sort of neutrality. But I cannot imagine that Kon-Kraft was anything apart from organization fighting for its cause (Nyborg, interview, 03.10.2005)

What both Rosenberg and Nyborg underline, is that even though the report is well founded and thorough, its purpose is still to influence government and politicians, so that they will make the desired decision, thus emphasizing that even when providing information, the lobbyist ultimately seeks to influence decision-makers, as stated by for instance Mayhew (1997: 217). It furthermore provides the industry's claim with the necessary legitimacy (Mitchell et al 1997). The Tax Report has, according to Bøhm, one primary stakeholder as target: "It was written with the intention that the ministry would read it" (Bøhm, interview, 09.12.2005). As a foundation for continued lobbying, it is doubtlessly an extremely well founded synthesis of facts and arguments, and therefore the oil industry's best card when lobbying political decision-makers, and public officials in particular.

The Tax Report is built on two possible scenarios for the development of petroleum activity on the Norwegian Shelf: The *long term development scenario* and the *gradual decline scenario*, illustrating the most optimal development and the worst case scenario for Norwegian petroleum activity. The fact that these scenarios are adapted from the OED further increases the credibility Kon-Kraft's conclusion,

which is that: "[...]we are probably heading towards a development scenario that is somewhat above the decline scenario, but still far below the long-term development scenario" (Kon-Kraft 2003c: 16). Activity on the Norwegian Shelf is decreasing, we need to counter the trend, and the way to do that is by making the smaller investments more lucrative. The argument of the Kon-Kraft report is built on the premise that the Norwegian Shelf has grown *mature*. This means that the era of the large findings are over, and that small projects are increasingly more interesting, and the government must give incentives in order to make these more attractive for the oil companies (Bøhm, interview, 09.12.2005). The maturity of the shelf is strongly related to the terms *materiality* and *tail production*. Løvås sums up materiality very pedagogically:

[...] materiality [...] implies that oil companies do not go after every little pool which by itself could be lucrative. Large companies need large finds. If they are to bother leaning down to sip up the small pool, they need extra incentives to do so. (Løvås, interview, 05.10.2005).

Time is of the essence for so-called tail production; the last phase of the exploitation of an oil well after it has grown mature. To be able to exploit lesser fields, and increasing and prolonging production from already existing fields, it has to be done while the established infrastructure is still intact. These fields are time critical. Bøhm says that:

You have to exploit the resources which are there, when you have the infrastructure with processing capability, pipeline network and so on present. That way you do not have to invest all over again. Because then these projects would not be profitable. There were, and there are relatively wide political agreement that we need to utilize the time frame which increased extraction from existing production implies concerning infrastructure (Bøhm, interview, 09.12.2005).

My OED-source concurs, stating that: "You must actually do this while the infrastructure is still in place, and while the good people are in place, and while the good companies are in place. I think everyone who understands this sector agreed on that" (Anonymous OED-source, interview 06.01.2006).

There is little reason to doubt the factual description of the state of the Norwegian shelf. Both sources from within and from outside the oil industry underline that activity is decreasing (Ibid; Heileman, interview, 29.11.2005). There is a need to stimulate new exploration, increase tail production, and keep the Norwegian continental shelf an attractive place to invest for international oil companies. And it seems that there is a certain understanding for this among the public officials:

The factual conditions of the industry's activities really were thoroughly evaluated. And on that they achieved agreement with the OED, and I also believe with the Ministry of Finance. I did not perceive any large disagreements about the facts (Anonymous OED-source, interview 06.01.2006).

Governmental stakeholders, politicians as well as officials, and parliamentary stakeholders agree with the industry about the description of the state of the shelf and the need to make tail production attractive. This is, as mentioned earlier, also expressed through central politicians' media statements. As far as the factual premises laid down by Kon-Kraft are concerned, there is no basis for a conflict. It is of fundamental necessity to have these stakeholders' agreement on the description and their recognition of the challenges that face the industry. As stated earlier by Freeman (2002), it is absolutely essential that the perception of the organization align with that of its stakeholders. This mutual recognition has been instrumental in putting the issue on the political agenda and move the issue into the decision phase. The main problem, from the industry's point of view, is that there is not the same degree of understanding when it comes to the recommendations given to counter the negative trend and stimulate tail production. The informant says that, even though the OED agree with the description, they question the conclusions of the Tax Report:

The basis, the facts, have credibility [...]. I believe that, at least in the OED, and I also believe in the Ministry of Finance, we agreed about the basic facts. But the argumentation placed on top of that, and which concluded with "that is why we want reduced tax;" on that we disagreed [...]. The positive effect was that we brought forward a series of facts on which we agreed. But arguments were placed on top of that, about which we disagreed with the OLF (Ibid).

It is obviously difficult, and in this context even undesirable, for me to make any accurate, independent conclusions concerning the foundation of or realism in Kon-Kraft's arguments or the recommendations they give. But the reactions of central stakeholders and the statements of my interviewees reveal a gap between the industry and public official stakeholders concerning which steps to take in order to prevent the development of the Decline Scenario. It seems that the report's description has legitimacy, while the measures recommended does not. Without going into detail about the technical arguments, it is clear that the solutions presented in the Tax Project's report are opposed to the theory of economics on which the taxation of oil industry is based. This is Nyborg's summary of the differences:

What the OLF said was that the theory this was founded upon was in disagreement with reality [...]. Materiality means that projects need to be of a considerable size before they bother to care about them. If the industry do not act in accordance with theory, then it is not obvious that the political recipe is the best. You should not, in politics, base yourself on theory if that theory is a wrong description of reality. That was the industry's argument (Nyborg, interview, 03.10.2005).

Heileman also describes the theoretical foundation of the Ministry of Finance as totally different from that of the industry, and indicates that there was considerable resistance towards the proposal among its public officials and that: "[...] they are unconvincable about anything else" (Heileman,

interview, 28.11.2005). Bøhm shares this position, and points out that Nyborg and the Ministry of Finance share the same philosophy of economics:

They probably have many of the same ideas as Karine Nyborg. [...] They were scared stiff that when this income would come, they would get less revenue from the new tax income per produced barrel from the new fields than they have from the present. That was their concern (Bøhm, interview, 09.12.2005).

There is no doubt that there are vast differences of opinion between the public officials, especially in the Ministry of Finance, and the Kon-Kraft report. The recommendations given by the industry indirectly claim that the theoretical approach of the Ministry of Finance are outdated, invalid or out of touch with reality. In that respect the report contains an implicit criticism of the government's current policy and the theoretical foundation of the public officials in the Ministry of Finance. Such a statement, be it correct or incorrect, is implicitly an example of asymmetrical communication (Grunig et al 2002), since what it in effect says is that the Ministry's current position is wrong, and that Kon-Kraft's solution correct.

It is extremely important to bear in mind that the Ministry of Finance is always inclined to oppose major tax reductions, regardless of sector. This derives from its role and its task of collecting annual revenues. Bøhm suggests that this reveals a short sightedness on the Ministry's part:

They have one task; they collect revenue annually. And if they must give up some revenue one year in order to collect it at a later stage; then the Ministry of Finance is not particularly interested, since they must cover the State Budget's income and expenses every year. I find it slightly problematic that they fail to see the potential laying there (Bøhm, interview, 09.12.2005)

Given the enormous tax income from the oil industry, it follows that Kon-Kraft needs to convince the Ministry of Finance that the loss of this income will be compensated in other ways. Rysst Jensen says:

We do not ask for a tax relief. We ask [...]for slightly reduced tax pressure on new activity. We encouraged increased incentives in order to increase the activity level. Not in order to reduce tax on existing activity. That was not what we asked for. That is an important premise. So we actually asked for the opportunity to increase revenue for the country (Rysst Jensen, interview 02.02.2006)

Communicating that these recommendations will eventually benefit both the oil industry and society is the key to persuading both the ministries, especially the Ministry of Finance, and other political stakeholders. Løvås neatly sums up this challenge:

If the oil industry were to succeed, they would have needed to convince public opinion that tax relief was a national issue, in other words something which the average Norwegian would benefit from. That was no easy pedagogic exercise. [...] The OLF have lots of money, but also lobbyist Norway's largest pedagogic task: To explain why the most well fed should become even better well fed (Løvås, interview, 05.10.2005).

This implies that the main challenge is convincing political and public official stakeholders that Kon-Kraft presents what Grunig et al (2002) refer to as a win-win situation. The Tax Report presents itself exactly as such a solution: “We can see from the results that a halving of the special tax generates an overall increase in value creation for the society at large [...]” (Kon-Kraft 2003c: 112).

5.2 A FIRST SIGNAL OF CHANGE

As mentioned before, the Tax Report itself is presented at a large press conference on 28th of August 2003, suggesting that indirect tactics are still recognized as effective, even though direct tactics are, in line with Jaatinen’s suggestion (Jaatinen 1999: 85-86) the most conspicuous trait of this phase (table 2.3). Journalist Ask’s laconic description suggests that he experienced the conference as a bad performance:

It was an incredibly chaotic performance at the top of Grand [Hotel]. It was hot as well. And there was hardly any room for us journalists, because of all the people from Hydro’s communications staff. Hydro’s communications staff is one of the largest employment initiatives in Norwegian history. They do not even know themselves how many who work there. There were lots of people. And then Tore Torvund spoke for half an hour, after which we were allowed to ask a few questions, and then they left. Leaving us with two kilo of paper and a heap of foils and lots of statistics and studd. It was impossible to understand anything (Ask, interview, 06.10.2005).

Ask’s description anticipates the future traits the campaign: a perception even among political stakeholders of asymmetrical communication and arrogance on the oil industry’s part. With the oil price at such a high level, even people within the industry are of the opinion that the intense lobby campaign that is to follow the Tax Report, should be dropped. Vice Director General of the OLF, Heileman, says that:

[...] it probably was wrong to run the campaign in that manner and at that stage, due to the price increase. The oil price was definitely low at the time of the decision when we needed to do something. [...] But while this work was under way, something happened in the market, which should have made us stop it. You can safely say that now, afterwards, that fighting for a complicated issue while the simple facts speak in your disfavour is nearly impossible (Heileman, interview 28.11.2005).

OLF’s Communication’s Director, Maiken Ims, is self-critical on behalf of the industry:

[...] we chose to go strongly into confrontation on an issue which was a losing proposition [...]. My opinion is that we pushed it too far in that direction [...]. I therefore say that we could have taken time-out and thought differently in that last phase [...] (Ims, interview with Øyvind Ihlen, 29.12.2005).

Torvund disagrees that the industry should halt the campaign for strategic reasons: “I am not all that concerned with tactics. I have little taste for that. I prefer reality” (Torvund, interview, 27.03.2006).

Rysst Jensen shares that position:

[...] you could say that if one wanted to be pragmatic, being one-dimensional, in a way, in order to achieve reduced tax, then perhaps one could imagine that that would be appropriate. But that is not fair. That is not decent (Rysst Jensen, interview, 02.02.2006).

The fact that two so central OLF-employees share this view may, however, indicate that certain member organizations insist on proceeding with the campaign

Actors outside the industry, however, seem united in thinking that it should have been stopped. Ask points out that when the Tax Report is released, the gap between the industry's pessimistic description of the future and the optimism suggested by the rising oil price increases :

[...] the description of reality turned false as the print dried on paper. They meant that there would be a tremendous drop in investments and activity and so on. And it went in the exact opposite direction since the oil price increased [...] (Ask, interview, 06.10.2005).

It may seem as if the industry underestimates the effect an external factor such as the oil price has on the legislative environment (Jaatinen 1999). Nordtun suggests that the industry shows a certain lack of judgment by continuing their campaign:

And I would say that the OLF had to see, even when starting this merry-go-round and with the development of the oil and gas prices and with the good financial results of the companies; they had to realize that this was no easy run (Nordtun, interview, 09.02.2006).

The OED-informant asks: "The question is whether it is acceptable not to realize that this is a non-starter. I find that the most questionable" (Anonymous OED-source, interview, 06.01.2006). Foss reasons that the industry perhaps had gone too far to turn back, even when faced with considerable stakeholder opposition:

[...] the timing of the campaign was incredibly bad. Nobody felt sorry for the oil companies [...]. It is obvious that when an organization as this places such a high stake on one card, then probably had invested much prestige in it. So I think that they maybe should have given up in due time (Foss, interview, 05.01.2006).

It may seem as if so much prestige and resources has been invested, that it is difficult for the industry to halt the campaign at this point, without admitting that are been mistaken. Austreid from the OLF board says that: "My opinion is that there was no turning back, apart from staying the distance[...]" (Austreid, interview with Øyvind Ihlen, 12.10.2005). This indicates a lack of sensitivity towards external factors' influence on the legislative environment and changes in the perception of their stakeholders.

5.3 A CONTINUED, BUT MINOR PUBLIC DEBATE.

Dagens Næringsliv is the first newspaper to clearly take an editorial stand against the oil industry, and this only a day after the presentation of the Tax Project's report and the same day as the 700-pages report is presented to the Minister of Petroleum and Energy. The article in question, clearly influenced by Nyborgs' argument, leaves little doubt concerning its bias, advocating that Steensnæs

should say no, because tax reductions have been unsuccessfully tried earlier (*Dagens Næringsliv* 29.08.2003). Two days later another editorial appears in *Bergens Tidende*, which, although it is more neutral, reminds its readers that there are good reasons for scepticism whenever a single sector asks for reduced taxes (*Bergens Tidende* 31.08.2003). Perhaps this indicates that hostile ad hoc stakeholder Nyborg's symbolic power and legitimacy, using Mitchell et al's terminology (1997), is increasingly present in the eyes of certain media. This ought to, from a strategic point of view, increase Mitchell et al's urgency aspect (Mitchell et al 1997) of the media as stakeholder, since a positively biased stakeholder group now seems to give signs of turning. Apart from these two articles, though, the press is still not editorially biased against the industry. The debate which, triggered by Nyborg's first article started in June, continues. Several ad hoc stakeholders, both friendly and hostile, as well as the industry, voice their opinions. OLF Chairman, Hugo Sandal, repeats the arguments of the industry in *Dagens Næringsliv* (15.10.2003), while ad hoc stakeholders Ivar Haaland and Einar F. Semb (Petroadvisor) supports the Tax Report (*Aftenposten* 03.11.2003). Erik Orskaug (The Confederation of Unions for Professionals) writes that the government should encourage new and smaller oil companies to enter the Norwegian shelf rather than reducing the special tax (*Dagens Næringsliv* 10.09.2003). Haaland and Semb are hardly anything but dependent stakeholders, in the terminology of Mitchell et al (Mitchell et al 1997), lacking sufficiently substantial or symbolic power. Orskaug is possibly only *discretionary* (Ibid), since his claim seem to lack both power and the urgency which characterize actors of major influence.

The debate is in fact very limited, and hardly qualifies as a public debate as such, which the selection of newspapers clearly shows. So why is there no wide public debate on the issue? Nyborg offers this explanation:

There are a few people in Norway who know the oil tax system well, and most of them work either in the oil industry or at the Oil Taxation Office, the Ministry of Finance or the Ministry of Petroleum and Energy. Those who work at governmental bodies cannot engage in public debate. And there are a few who do research on oil economy. A few of these get assignments from the oil industry. Very few people are capable of seeing through the complicated tax system and at the same time be independent, in the sense that they can go public as independent voices (Nyborg, interview, 03.10.2005).

We see that the complexity of the issue not only increases the public official's power over the political decision-maker stakeholders, it also prevents a full public debate. The issue remains difficult to access for most citizens. Only very few persons in the whole country are knowledgeable enough to discuss it. And even fewer are independent, in the sense that they do not have any vested interest.

Heileman agrees that a full debate is lacking, blaming it partly on the small size of the Norwegian milieu:

The ministry of Finance is a gravitational centre in this country when it comes to theory of Economics. I do not know about what goes on other places, but it is probably Statistics Norway, the Ministry of Finance, perhaps the National Bank. But I do not follow socio-economic discussions close enough to dare say whether they dare oppose the Ministry of Finance. I do not believe there is very much of that. Economists in the private sector will probably be in general agreement with the OLF, and therefore felt no need to oppose us. So you can say that this shows how marginal this Norwegian milieu really is. It is very rare to come across someone you do not know. This means that people are often in a position where they have some sort of vested interest to maintain. So I do not think we will ever have a free academic debate about oil taxation in Norway. Simply because we do not have milieus independent enough (Heileman, interview, 28.11.2005).

The lack of academic debate and the limited media attention are different sides to the same phenomenon. The national newspapers that cover the issue, are really very few. The tabloid press seems, with very few exceptions, to ignore it altogether. The attention from television and radio is also limited compared to the newspapers that do participate. Ask says that: “[...] there was no comprehensive coverage of this in radio og television [...]. I believe TV hardly covered it at all [...]” and puts it down to lack of competence in the broadcasting media (Ask, e-mail correspondence, 15.03.2006). Bøhm admits that the Tax Report was not easily accessible: “[...] it is obvious that this is not particularly sexy, neither for an ordinary citizen or for an ordinary parliamentary politician to flip through” (Bøhm, interview, 09.12.2005).

Although most journalists would probably deny it, it seems naïve to ignore the possibility that the complexity might demote some news media from putting it on their agenda. The complexity and general audience-unfriendliness of the issue probably contributes to making the debate narrow, restricting it to the arenas of specific governmental and parliamentary institutions and certain economically focused newspapers. I am not suggesting that the journalists who cover the Tax Campaign fail to understand the technicalities, but there are certainly aspects of the issue that does not necessarily comply with editorial limitations and demands for simplification. Rosenberg is self critical on his own profession’s behalf, while indicating that the press’ role and the lack of critical expertise, critical ad hoc stakeholders, may in fact be related:

[...] I see it as interesting that a very limited degree of opposition and counter expertise presented itself, apart from the Ministry of Finance and Karine Nyborg. We should not exclude the possibility that we as press perhaps should have done a better job of inviting counter expertise to look at this. I believe the press could have done that at an earlier stage (Rosenberg, interview, 04.11.2005).

Although there will be another six months before the definite shift in media bias is a fact. The media is by autumn 2003 more critical towards the oil industry. It seems as if Nyborg may possess a certain

symbolic power over the media. This should perhaps be alarming to the industry. If the media were to turn hostile and attain an actual symbolic power of influence, they might according to Mitchell et al (1997) become critical definitive stakeholders. It seems, however that the media's influence on this particular issue is not at all that great. Although the press had a role in putting the issue on the agenda, during the pre decision-phase, the technical complexity of the issue and the potential consequences makes them a less important source of influence. Foss explaining the media's relative unimportance:

“[...] it always counts to have the media on your side, but in so important decisions, with hundreds of billions at stake, in other words one of the largest tax sources, not to say the largest, I do not believe that the media played, or would under any circumstances have played, any decisive part (Foss, interview, 05.01.2006)

This might suggest that the media during the decision-phase went into a state as, again applying Mitchell et al's traits of stakeholder identification (Mitchell et al 1997: 857), *discretionary stakeholder* with only legitimacy really present, from the points of view of both industry and decision-makers.

5.4 A MULTIPLE STAKEHOLDER APPROACH

During autumn 2003, the oil industry communicated actively with definitive stakeholders. The definitive stakeholders, in Mitchell et al's terms (1997), of this phase are the public officials, the governmental decision makers and the parliamentary decision-makers, as briefly mentioned in the previous chapter. Mitchell et al's three traits are present with these groups during this phase. *Dagens Næringsliv* reports that Kon Kraft and Hydro-representatives meet the Progress Party and inform them about the tax issue (*Dagens Næringsliv* 15.10.2003). There is every reason to believe that they try to influence other major parties in the same manner, and especially the Labour Party, due to its unique position. According to Halvorsen, there is “[...] in sum a significant amount of meetings and a significant amount of effort [...]” put into lobbying Parliament (Halvorsen, e-mail correspondence, 06.02.2006). The channels of influence into Parliament, and which the industry according to Halvorsen uses, are constituency seats, committees and party groups, as is also identified as arenas for lobbying by Espeli (Espeli 1999: 23) and mentioned in chapter 2.4.3.

The OLF's annual conference is held on 16th October, where a special tax reduction is one of the main topics on the agenda. Political decision-makers are present, making the conference another example of direct informal lobbying (table 2.1). The media delivers slightly diverging reports of the attending politician's reactions. *NTB* reports that all parties except for the socialists see the need for improving the conditions for the oil and contractor industry, although there is not consensus on

whether or not a tax reduction is the appropriate means (NTB 16.10.2003). *Aftenposten* reports that the politicians are more reluctant when it comes to complying with the industry's requests (*Aftenposten* 17.10.2003). Foss is not present at the conference, but the Conservative Party is represented by Leif Frode Onarheim. *Aftenposten* quotes him as saying that it is never an advantage to represent the Minister of Finance in such debates, drawing the conclusion that the conservative politician has been instructed by Foss not to promise any tax reductions. If this quotation and conclusion is correct, it may indicate that Foss is still undecided, or even that he is negatively disposed.

Although the Tax Project's report clearly signals an increased direct lobbying of to political decision-makers and public officials, other indirect tactics are still applied. "The OLF travels the West Coast stirring up local engagement" (*Dagens Næringsliv* 24.08.2004)." Local politicians are without doubt an important stakeholder group from the oil industry's point of view, and the communication with them is relatively extensive. For the industry, these stakeholders have obvious legitimacy, by politically representing and governing the local communities where the industry is based. Their urgency in relations to the oil industry is therefore certainly present. It is probably more questionable whether they have true power in the relation, since their dependence on the oil industry is probably greater than the other way around. This would make them *dependent stakeholders* according to the framework of Mitchell et al (1997: 874).

Ask explains that: "[...] the employment argument had impact [...] along the coast in particular, which in this context is politically strong" (Ask, interview, 06.10.2005). Heileman presents the same idea, while underlining the importance of communicating strategically with different stakeholders: "One needs to be very aware, firstly that what you say in both places is correct, and that what you say is correct in that particular place. There is no point in discussing economic theory on Stord. And there is no point in talking about employment in the Ministry of Finance" (Heileman, interview, 28.11.2005). The objective is apparently to make the local politicians put pressure on their mother party, thus making this a form of *political grassroots lobbying* (table 2.2), and it is that effect which constitutes the power of that stakeholder group. Politicians will obviously want to avoid losing the support of their own local politicians and, not to mention, voters. Two of my interviewees do, however, comment that one should not overestimate the power of this group and their influence on government and parliament. Foss says:

They had contacts with, among others, a few Mayors from oil cities, Bergen and Stavanger among others, who wrote letters to the Minister of Finance and Vice Chairman of the party. But the major competence on petroleum taxation is not after all in the Mayor segment. So I would say that it made no difference (Foss, interview, 05.01.2006).

Nordtun also suggests that these allies are perhaps not taken all that seriously:

[...] you cannot simply send a small draft to a City Council meeting on the West Coast, saying that they need to support this, and then show up here and say “they support us on this issue.”[...] That is what I want to express. And it is therefore dangerous to use witnesses such as these, because you thereby lose credibility for the whole undertaking (Nordtun 09.02.2006).

It seems that the central decision-makers do not recognize the urgency of local politicians' position on the issue, or even the legitimacy of their position, due to the suggested lack of competence indicated by Nordtun and Foss. From a decision-maker point of view, that would leave the local politicians as only *demanding stakeholders*, with ony urgency present, but lacking legitimacy or substantial power to act, again according to Mitchell et al (1997: 9874). Even within the industry, there are those who admit that this group holds limited power over central decision-makers: “It is good when Mayors say that you must reduce taxes in order to increase activity in my constituency. It helps. But it is not enough” (Heileman, interview, 28.11.2005).

5.5 THE MINISTRY OF FINANCE – A RESISTANT STAKEHOLDER

There has, during the decision-phase, certainly been extensive direct lobbying of the public officials. Halvorsen explains, as mentioned earlier by Bøhm, that: “Much of this message was especially directed at the central government, that is the ministeries (Halvorsen, interview 01.11.2005). The oil industry has furthermore already been given unofficial signals that the Ministries are unwilling to comply. The oil industry have all the time acknowledged the challenge it represents to persuade the Ministry of Finance. Heileman says that “[...] the Ministry of Finance [...] are the most difficult to talk to (Heileman, interview, 28.11.2005). Halvorsen admits that “[...] it as a challenging job to convince the Minsitry of Finance to relieve the tax conditions of Norway’s most capital generating industry (Halvorsen, interview, 01.11.2005). Ask comments that the Ministry of Finance have “[...] seen people who think they have sick mothers before (Ask, interview, 06.10.2005).” Meeting resistance in the Ministry of Finance is, as mentioned, something a lobby organization must anticipate. Maybe they hope that they will meet more understanding in the OED, which would certainly strengthen the legitimacy of their claim in their final confrontation with the Ministry of Finance. If that is case, they are surely disappointed:

I am not sure what made Hydro think that when not one single person in the OED agreed with them that this had to be done, not me, nobody else; and they still continued. One is used to the Ministry of Finance saying no to tax reductions, but I believe that they should have understood that this served little purpose when the OED said no as well [...]. We had an observer at quite a high level, not present at all meetings, but we nevertheless stated quite early that we would not go along with it. [...] But they did not listen to us. So I suppose [...] they had an exaggerated belief that they might convince the politicians. Because they cannot possibly have believed that they could convince any administration, neither in Finance nor in the OED (Anonymous OED-source, interview, 06.01.2006).

Judging from previous statements it seems, however, that the industry think they will manage to do just that, in spite of communication between the officials of the Ministries and the industry stating that they cannot expect any support from them: "I told Eivind [Reiten] what I tell you now, but it did not help. They obviously believed that it was worth a try" (Ibid). Heileman, on the other hand, feels that they met a minimum of understanding in the OED:

In my opinion, the administration in the OED meant that what we proposed was right. But they said that it would be very hard to run the campaign under the current circumstances, in other words with the price increase which we naturally also acknowledged (Heileman, interview, 28.11.2005).

The difference may not be as big after all. The OED do, as previously mentioned, agree upon the description of reality. The informant indicates that there is a willingness to make symbolic adjustments:

I probably would have been willing to reduce the special tax by for instance a couple of percentages, only in order to show good will, and reduce it to for example 48 percent. Finance [...] were in fact also slightly prepared to do something, but there was somebody else in the government who did not wish to do that. I cannot talk about this, but Finance were willing [...]. you can say that had they been more moderate, then maybe they might have benefited ever so slightly from it, but, I admit, that would have been more symbolic than anything else (Anonymous OED-source, interview, 06.01.2006).

This willingness to make adjustments in the special tax shows a readiness on the government officials' part to move towards a win-win zone, to apply Grunig et al's term (Grunig et al 2002). But compared to the demands of the industry, such a minor alteration will not very likely be within what they will acknowledge as a win-win situation. As to the ambitious claim of the industry, it seems that the public officials have already made up their mind. If their influence on government, and also over Parliament, is as strong as indicated, this may very well be a decisive factor for the outcome. With regards to what is to follow, it is presumably fair to conclude that Ministers Foss and Steensæs fairly quickly adapt the advice of their officials. Steensæs maintains that he:

[...] perceived the proposition as quite hopeless, ill-founded, and totally unacceptable [...]. We thought they went too far in painting a bleak picture of the possibilities for new finds, and I saw no necessity to considerably reduce taxation in order to encourage new exploration [...]. I suppose I was [...] most active during the starting phase, and, to the oil industry's dismay, put down this position in several presentations. They did not like it. But in the conclusive phase, when this was to be decided; then

taxes are Finance's responsibility, and the Minister of Finance became more visible. But there has never been any disagreement between the Minister of Finance and myself. And it was not as if the Minister of Finance was the one to put his foot down. This was a conclusion and assessment which I did on my own account, which I presented to the government, and which everybody in the government supported (Steensnæs, interview, 25.01.2006).

The fact that both Steensnæs and Foss are about to turn, even though they have on several occasions stated themselves willing to consider reductions in the special tax again illustrates indicate the power of the public official's on petroleum specific issues, supporting their status as stakeholders of the lobbyist (model 2.3), and definitive stakeholders of the industry, to apply Mitchell et al's term (Mitchell et al 1997).

There is now a shift in both stakeholder and argument focus. From being parallelly focused on political arguments and technical arguments, the unemployment argument communicated by indirect tactics and the Tax Report's recommendations communicated through direct tactics, the campaign now moves down a, in Mayhew's terms (1997), technical and direct track. In spite of indications that the ministries are willing to grant the industry a symbolic tax reduction, they finally take a position on the opposite side of the win-win continuum, to apply the Excellence-Model (Grunig et al 2002). The lobby organization and the public official stakeholders now take their stands in opposite asymmetrical corners, without showing any signs of adjusting their positions. It seems evident that a symmetrical ideal is unachievable, and that the public officials do not believe in the industry's vision of a win-win situation. The socio-economic arguments of the Tax Report (Kon-Kraft 2003c) appears to be not enough or not credible enough. The OED-informant believes that the Ministries' technical counter arguments prevail over the technical arguments of the industry, and initially tips the balance in the industry's disfavour (Anonymous OED-source, interview, 06.01.2006).

Nyborg suspects that the Ministry of Finance has been sceptical during the whole campaign:

[...] there were people in the Ministry of Finance who had seen through the arguementation and disagreed from the beginning [...]. I have not been in the Ministry and participated in debates there. But I at least know what Nina Bjerkedal's opinion on the matter was in 1999. I would believe that the experts in the ministry the the whole time were very sceptical to the argument. And that will certainly always be decisive for the governemt (Nyborg, interview,03.10.2005).

Deputy Director General of the Ministry of Finance, Nina Bjerkedal, seems to believe that the officials made it possible for the political decision-makers to oppose the industry: "We like to think that it was the technical arguments and reasoning which convinced. But it is important that a political opportunity was created to withstand the pressure from the oil companies" (Bjerkedal, e-mail

correspondence, 06.01.2006). Løvås suggests that the technical turn the debate now takes, eventually will turn out to the industry's disadvantage:

Instead of communicating strongly the message that the tax is too high and threatens Norwegian employment, the OLF were captured in a sort of materiality debate with the Ministry of Finance which nobody else understood. That increased the suspicion that they tried to make profit for themselves and really were not very concerned about anything else (Løvås, interview, 05.10.2005).

Heileman, on the other hand, maintains that the unemployment argument has its limits, and that a technical turn was both necessary and honest:

One has to be a bit sober as well. [...] there are limits to how much you can speak of direct employment, although the indirect employment is obviously very important. [...] one should not push that too far, if one wants to remain credible. So we tried to emphasize the significance of competence and knowledge, and challenges connected to reach exploited reserves so that we have reserves for the future, and economic growth. And that should really be even more important than direct employment, but it is possible that, from a lobby point of view, it is too complicated (Heileman, interview, 28.11.2005).

5.6 UNSUCCESSFULLY INCREASING THE PRESSURE

From the beginning of 2004 some things become very evident. One thing is that the tide definitely turns in the oil industry's disfavour, both in the media and in their governmental stakeholder relations. Another is that the OLF takes the helm and intensifies the pressure on key stakeholders. That does not mean that Hydro is out of the game, although their role seems to be more withdrawn. CEO of Hydro, Eivind Reiten, starts the year by giving an interview stating that he feels confident that it is only a matter of time before the special tax will be reduced (*Dagens Næringsliv* 02.01.2004). In February Per Terje Vold is formally appointed as new Director General of the OLF (*Dagens Næringsliv* 09.02.2004). The appointment is from the very start of 2004 object of considerable media attention (*Stavanger Aftenblad* 14.01.2004). The articles to follow are very focused on Vold himself, his background as Director General of Federation of Norwegian Process Industries, and that his primary task is to continue the lobby campaign on behalf of the oil industry. Headlines like "Will fight for reduced oil tax" (*Stavanger Aftenblad* 15.01.2004), "Vold demands new oil initiatives quickly" (*Dagens Næringsliv* 15.01.2004), "Chief lobbyist for the oil" (*Stavanger Aftenblad* 02.02.2004) and "Massive oil lobby against Parliament" (*Dagens Næringsliv* 09.02.2004) pretty much speak for themselves. Vold is in the same articles and interviews very clear about a reduction of the special tax being the most important issues for the oil industry and therefore his main ambition. The campaign itself is now definitely in the focus of media's attention as a lobby campaign, and Vold is portrayed as the man to lead it.

The appointment of Vold illustrates the organizational changes in the OLF at this point which had been decided in December the year before. Their presence in Oslo is strengthened and the top management replaced after advice from Econ Management¹⁰ (*Dagens Næringsliv* 09.02.2003). The OLF themselves describe their motivation in this way:

It is primarily the OLF's industry political work which is strengthened. That results in a increased resources to the organization's næringspolitiske department in Oslo. The headquarter will remain in Stavanger. The OLF's presence in public debat wiml also be increased. As Norway's most capital generating industry, it is important that the petroleum industry's association respond more actively to its environment (*Oljeindustrien* 12.12.2003).

Communications Advisor Halvorsen emphasizes the desirability of the reorganization:

[...] we wanted a stronger presence in the work directed at central decision-makers and stakeholders, and more tightly follw up againt both Parliament and the political miliue in general, and against the bureaucracy. And also in relations to other stakeholders of our industry, who largely are based at a central adress in the capital.[...] it is obvious that the media is also a part of the picture. And by being present in Oslo with more people and having a stronger presence there, we are more visible to the media, and may also be able to work towards central media on specific issues (Halvorsen, interview, 01.11.2005).

Former Minister of Finance, Foss, sees a direct connection between the reorganization and the Tax Campaign:

I experience it, in a way, as a result of the tax process [...]. It was absolutely necessary. You cannot run a lobby campaign from Stavanger against Parliament. That is elementary. At least not when they run that kind of campaign against Parliament, governement and press, then you have to be in Oslo (Foss, interview, 05.01.2006).

Ask agrees, adding that the OLF's perception for several years have been out of line with that of governmental stakeholders and influenced by the geographical distance to the decision-maker stakeholders:

[...] they reorganized the whole OLF with one intetion only; to have the final showdown about the tax [...]. moving the office to Oslo was important, for the oil industry to make again any political friends. [...] the oil companies did not manage to communicate with the politicians. I think that was important. So they were supposed to open this Oslo-branch in order to make contact with Parliament and influential miliues in Oslo. The OLF were, as long as they were in Stavanger characterized by an anti-Oslo attitude. They came to Oslo and held their annual conference at Grand [Hotel] once a year, and were very supprised that half of Parliament did not come over an had white wine with them. But they came in the middle of the finishing phase of the budget, so these people worked around the clock. But the OLF did not understand that much. There was distance (Ask, interview, 06.10.2005).

I do not wish to speculate about whether or not it is a valid assumption to make that the move to Oslo and the Tax Campaign are inter connected. What Ask points out is that the OLF for a long time has been insensitive as to the perceptions of their political decision-maker stakeholders. There is

¹⁰ "ECON Management offers advisory services and provides guidance to CEOs, Executive Directors and shareholders, with an emphasis on management, strategy and organisational development" and "[...]works to enhance the clients' competitive advantages and value through professional support in evaluation, decision making and execution of major projects and initiatives" (Econ Management 2006 [online])

little doubt that there is need for increased presence and a strengthening of stakeholder relations in Oslo.

The OLF takes the role as spearhead of the campaign from the start of 2004. Heileman explains how the OLF now continues the work which Kon-Kraft started:

It is two separate things. There is the production of the positions [...]. It is a report we have arrived at in order to make a proposition. And the OLF were certainly an active participant in that process. But Jensen of Hydro was the leader of the project. Then there is the next campaign, which is selling this in the market. It is a fundamentally different matter than building the argumentation. Although it is obviously interconnected. [...] If we were slightly withdrawn during the actual evaluation, then the OLF's role during phase two was very apparent.

When asked if this is a correct description, Rysst Jensen of Kon-Kraft and Hydro answers:

Yes, I would say so.[...] you could say that the oil industry collectively felt the need to express the need for changes in the fiscal conditions. And the oil industry's mouthpiece, the OLF, is the natural mouthpiece in order to front this issue and express the oil industry's message to relevant stakeholders (Rysst Jensen, interview, 02.02.2006).

Hydro's strong involvement is still undisputable. The same Executive Vice President who first promoted the issue has followed it through every phase of the campaign, both as Chairman of the Tax Project Steering Committee and now as newly elected Chairman of the OLF. The impression that the campaign is very much Hydro's "baby," is perhaps still common among several stakeholders. Foss mentions that one of the weaknesses of the campaign, is that they do not emerge as completely united: "[...] they were not in complete internal agreement. The small oil companies said something different than the large ones" (Foss, interview, 05.01.2006)." It is possible that one company's dominance makes it seem as if this is more a one-company project than the project of a united industrial cluster. Not appearing united may, from the politicians point of view, have diminished legitimacy of the claim, and thus been a negative factor. Sørfohn thinks Hydro's role was destructive for the campaign as a whole: "It would be too strong to say that it was a Hydro issue. But Hydro acted very strongly, and Hydro's involvement was unfavourable for the issue, and for Hydro as well, actually" (Sørfohn, interview, 07.02.2006).

It does not take long before the first signals come that the governmental decision-maker stakeholders are reluctant to meet the industry's demands. The Conservative Party's Petroleum Committee have already signalled that they are not at all convinced and make no promises on the matter, awaiting a more thorough report of the effects a reduction would have on both activity and revenue (*Dagens Næringsliv* 05.02.2004). Although the actual governmental stand is not due until after

Easter, and finally in the Revised State Budget in May, Steesnæs says that he is far from convinced that a tax reduction is the proper solution (*Stavanger Aftenblad* 25.02.2004). Rumour has it that the government is reluctant to comply with the industry's demands (*NTB* 28.04.2004). *Stavanger Aftenblad* reports that an informant with knowledge of the Ministry of Finance's work states that Foss is reluctant to comply (*Stavanger Aftenblad* 30.04.2004). But according to Heileman, the internal confidence of success is by now severely reduced:

This issue was actually dead by the spring of 2004. When Per Terje was appointed, he tried for a while. The official burial was not until later. [...] I experienced that our internal faith in success was severely reduced at that time. Partly due to the reception of the project, and partly because we are not so stupid that we did not notice these graphs and knew that this was an uphill struggle (Heileman, interview, 28.11.2006).

In the wake of these negative signs during winter 2004 Torvund meets with politicians on the West coast (*Bergens Tidende* 30.01.2004), while Vold is active in the media (*Dagens Næringsliv* 16.02.2004; *Dagsavisen* 09.04.2004; *Nordlys* 14.04.2004), and TBL speak out on behalf of the contractor industry (*Adresseavisen* 10.03.2004). Hans Henrik Ramm once again steps forward in an attempt to discredit the idea that smaller oil companies are able to handle tail production and the effect it could possibly have on the activity (*Aftenposten* 11.03.2004), and the Confederation of Norwegian Enterprise (NHO), the LO, the TBL, the Norwegian United Federation of Trade Unions, Norwegian Oil and Petro-chemical Union (NOPEF) and the OLF sends a joint letter directly to the Prime Minister (*NTB* 28.04.2004). Indirect tactics such as political grassroots lobbying, media presence, ally activity are clearly applied as an answer to the negative signals from the governmental decision-makers. The allies have, however, not been visible enough during the campaign in general. Nordtun describes this as a weakness of the campaign:

[...] the TBL, parts of the NHO and so on, they were not all active enough [...]. It is obvious that in an issue such as this, and [...] with their solid financial results, they needed to have [...] supporters up front [...] in order to make it work. Because we knew the account figures of for instance the contractor industry, and how certain actors were squeezed at the time. That was where they should have increased the pressure [...](Nordtun, interview 09.02.2006).

The allies fail, or hesitate, to become definitive stakeholders. Once again to apply Mitchell et al's framework (1997), the allies are certainly legitimate in the eyes of the industry, and their claim towards the industry would certainly be urgent. Although they may have varying degrees of power, it seems fair to conclude that such important allies are definitive stakeholders of the oil industry. It seems, however, that despite their high stakeholder salience, they did not aid the industry in the necessary degree. Judging from their inactivity it may seem that they decide they have no stake in

this undertaking after all, a stake being an interest in an undertaking (Carroll & Buchholtz 2003). Perhaps they are not convinced that a tax reduction represents what Grunig (2002) et al refers to as a win-win situation. Had the allies mobilized, and as Nordtun suggests, perhaps the contractor industry in particular, it would certainly have increased the legitimacy and urgency of the industry's claim in the eyes of the decision-makers. It seems probable that the support from these actors is, to the decision-makers, not urgent enough.

Hydro activity is now less visible. Ask speculates that the company uses the OLF as both spearhead and shield:

As long as there is anything to win from an issue, then the information departments of Hydro or Statoil are never going to give that away. The OLF will never be allowed to claim a success. Had this tax issue been a success, then Tore Torvund would have stood there and received the flowers explaining how this was important for the industry and that it was Hydro that pulled it through [...] (Ask, interview, 06.10.2005).

Even Heileman suggests that Hydro strategically holds back in this last phase of the campaign:

[...] as the oil price increased and the expectations sank, the competition about being the spearhead probably decreased. It is often the fate of an interest organization to fight the difficult battles, while the members take the credit for the ones which run smoothly and are positive. That is life, in a way. [...] I do believe, to put it bluntly, that Hydro probably would have had a more advanced role had the timing been better. It probably suited Hydro that the OLF got that job (Heileman, interview, 28.11.2005).

During a meeting in Polytechnic Association in early May, the Minister of Finance clearly states that a reduction in the special tax is not the way to secure sustained activity on the Norwegian shelf (Stavanger Aftenblad 05.05.2004; Dagens Næringsliv 06.05.2004; Stavanger Aftenblad 07.05.2004).

Foss explains that there is political consensus behind his statement, since his position:

[...] did receive [...] support from the Labour Party. That was conferred in advance. We had contact with Parliament, and knew how things were. Namely that only the Progress Party were positive to the OLF's demand. And that was not decisive. Labour's stand was decisive for us (Foss, interview, 05.01.2006).

That the political consensus is now against them, should certainly not surprise the oil industry. The relations with political stakeholders are also strained. *Dagens Næringsliv* reports that there is "[...] apparent strain and irritation from the industry's long and intensive lobby campaign to achieve reductions in the special tax [...]" (*Dagens Næringsliv* 12.05.2004a). Parliamentary politicians perceive the industry's communication in a way which must be alarming. Sørfohn says that:

Arrogance is always unfavourable when lobbying. That way you quickly position yourself outside. [...] I would say that this campaign was characterized by a very distinct arrogance on the oil industry's part. And that is unambiguously unfavourable (Sørfohn, interview, 07.02.2006).

Quite a few indications are given that through the campaign the oil industry are perceived as arrogant by political decision makers. Sørfohn states that this is a view shared by many parliamentary politicians concerning the manner in which the oil industry communicate and that there is significant fatigue within the ranks of the representatives:

There is absolutely reason to say that there was a strain. And as far as I remember, at that Sandefjord Conference [...]. The Labor Party's finance political spokesperson, Hill-Marta Solberg was quite indignant, not to say angry, at the manner in which the oil companies acted during the conference, in the debates [...]. So it is obvious that a wide political milieu disliked the manner in which the campaign was conducted (Ibid).

Nordtun does not himself experience this, but observes that there are politicians who do:

I did not not experience the industry as arrogant. You might say that you should be careful not to give the impression that "you know nothing about this, therefore you simply must accept what we say." Some probably perceived it that way. And, if you behave in that manner, or people get that impression, then you are in a bad spot. I can tell you that much. Politically. Then you are finished. And you should be very careful about that. But I did personally have that experience [...]. I experienced that I was taken seriously, and that they listened and I listened. [...] But I have heard what you say from others. And then you have lost, in my opinion (Nordtun, interview, 09.02.2006).

Ims sees a link between this perception of arrogance on the industry's part and the rising oil price:

"The oil price was rising, and that increased the impression of the industry as greedy and arrogant"
"(Ims, interview with Øyvind Ihlen, 29.12.2005).

The pressure applied towards governmental and parliamentary stakeholders appears to have backfired, at least to the degree that it results in a situational bad-will among decision-maker stakeholders. It seems hard to believe that such a highly professional industry as the oil industry, would deliberately act arrogantly in relations with political decision makers. Håbrekke offers an explanation of the industry's communication failures, which at the same time may explain this impression among the politicians. As Ask, he blames the difference between the world view of the industry and that of decision-maker stakeholders:

[...] it is typical of the oil industry's way of communicating with their environment and politicians [...] that they try to document a rational argumentation, and then they expect that, as long as they maintain a rational argumentation, the politicians should accept and do as they propose. And that is because the oil industry is very characterized by engineers and engineer mentality. The companies are full of engineers, and it is mostly they who reach management positions [...]. You can sense a large difference between them and other more successful industries, in that the oil industry have a tendency to believe that as long as they have documented something rationally [...], then the politicians simply must accept it. But the world is not so rational as they would have it, and the world is so much more complicated and there are more complicated, manifold processes in creating an image of reality and a political decision, and which influences the political debate (Håbrekke, interview, 02.02.2006).

Torvund regrets such an impression: “It is regrettable if that is the impression. That is not intended. [...] what concerns me, is if we appear as arrogant or very technocratic ” (Torvund, interview, 27.03.2006). This again underscores the necessity, stated by Freeman (2002), of alignment between the perception of the organization and that of its stakeholders, and gives an new indication that there is a gap between the perceptions of the industry and that of their decision-maker stakeholders. If Håbrekke statement is true, it suggests, in Grunig et al’s terms (Grunig et al 2002), a two-way asymmetrical communication approach on the industry’s part, since it implies no willingness to adapt to the stakeholder’s position, but rather a rigid faith in the industry’s own position.

The Tax Report (Kon-Kraft 2003c) is without doubt well founded, but it seems as if the industry’s sound belief in their own conclusions is perceived as arrogant and asymmetrical. Ask is of the definitive opinion that the oil industry is too self centred and without sufficient touch with the political world:

They lack people with political antennae and they lack people with access to the political milieu and they had no friends. I believe we have experienced and seen that on several occasions. Nature og Youth with an annual turnover equivalent to what they pay an Executive President with a company car in Hydro and an average age of seventeen, have better contacts in Parliament than most oil companies (Ask, interview, 06.10.2005).

If this statement is true, it indicates a failure to realize the instrumental value of stakeholder relations even when lobbying to achieve specific results.

When the White Paper on Petroleum and Revised State Budget is finally presented May 11th, it marks the government’s definitive rejection of the oil industry’s recommendations. The conclusion is crystal clear:

A special tax reduction will have little effect on the profitability after tax for the small projects with moderate profitability. This indicates that a special tax reduction can hardly contribute to realize more small projects with moderate profitability. A special tax reduction will, on the contrary, lead to a large revenue loss for the state, since it transfers considerable assets to the companies for projects with good profitability, where the companies already will take out considerable profit with the present tax system [...] After a few years, when new resources have come into production, the revenue loss for the state will be considerable. The revenue loss can be estimated to in the order of 10 billion NOK annually (St.meld.2. 2004: 104)

The Revised State Budget discredits the conclusions of the Tax Report (Kon-Kraft 2003c), and sees no win-win situation in the oil industry’s recommendations. On the contrary, it states that a reduced special tax is totally asymmetrical in the industry’s favour. The Revised State Budget thus indirectly supports the allegations of Nyborg and parts of the media, that the oil industry has run a campaign

driven by a desire for increased profit. Their attempt to influence their public officials and governmental decision-maker stakeholders is now in effect a complete failure, marking end of the governmental sub-phase.

5.7 A SHORT SHIFT OF FOCUS TO THE OPPOSITION

The OLF fails to realise that the battle is lost. Vold expresses the industry's disappointment, and promises that they "need to continue the dialogue" (Vold quoted in *Teknisk Ukeblad* 13.05.2004).

The campaign now moves into the parliamentary sub-phase of the decision-phase (table 2.3).

Sørfonn observes how the industry changes focus: "[...] after a while I do believe that the pressure on the opposition increases when the government starts to come to a conclusion, since that is where one can achieve changes" (Sørfonn, interview, 04.03.2006). The newspapers report the same. (*Dagens Næringsliv* 07.05.2004a; *Stavanger Aftenblad* 08.05.2004). The parliamentarians are now, in Mitchell et al's terminology (Mitchell et al 1997), the *definitive stakeholders*, with power, urgency and legitimacy present. The public officials and governmental stakeholders are now only *discretionary stakeholders*, not possessing the power or urgency which they did during the governmental sub phase.

Vold is in *Stavanger Aftenblad* very explicit about the new focus of the OLF: "Since Parliament will devote four weeks to the Revised State Budget, our work is now directed in that direction, says Vold and believes that the Progress Party will support the oil industry's demands. He also tries to persuade the Centre Party, the Socialist Left Party, and Labour" (*Stavanger Aftenblad* 08.05.2004). The campaign continues, even though it should be evident by now that the political majority is opposed to their recommendations and even annoyed by their persistence.

What now happens on the media stage is that the issue takes the form of a verbal fight between Steensnæs and Foss on the one side and the oil industry on the other. Titles like "Foss turned the oil industry down" (*Stavanger Aftenblad* 05.05.2004), "Says plainly no to cuts in the oil tax (*Dagens Næringsliv* 06.05.2004), "Foss vs the oil industry" (*Stavanger Aftenblad* 07.05.2004) illustrate such a polarization. There are reports of a "strong dissatisfaction" in the industry (*Stavanger Aftenblad* 11.05.2004; *NTB* 11.05.2004a; *NTB* 11.05.2004b). Steensnæs criticizes the industry rather harshly for their pessimism. "I would like to warn the industry about communicating a lasting impression of sunset and pessimism" (Steensnæs quoted in *NTB* 11.05.2004c) "An enormous blackening and a description without foundation in reality. I am embarrassed by such advances from the industry. The

oil companies have picked a totally wrong strategy, said an apparently irritated and more than ordinarily involved Steensnæs [...]” (*Stavanger Aftenblad* 12.05.2004).

These statements indicate that the industry might have gone too far, far enough to annoy the Minister of Petroleum and Energy. Still they do not back down. Vold appears once again with an article in *Dagens Næringsliv* trying to explain why Foss and the newspaper itself are wrong on this issue (*Dagens Næringsliv* 12.05.2004b). But it is hard to see what they hope to achieve, given the obvious lack of political support. Do they believe that they may persuade Parliament, in spite of the signals which have been given? In that case, Ask’s description of an industry without political antennae is nothing but fitting. Or is Foss right, when suggesting that the industry had invested far too much prestige in the project to back down? Or do they play it out, hoping that staying the distance might benefit them the next time they lob for better tax conditions?

5.8 A DEFINITIVE TURN

The Socialist Left Party and the more important Labour Party are already in May explicit about their positions opposed to the oil industry (*Stavanger Aftenblad* 12.05.2004; *Dagens Næringsliv* 12.05.2004). Most of the press follow *Dagens Næringsliv* who characterize the campaign as a “Giant lobby flop” (*Adresseavisen* 12.05.2004; *Dagsavisen* 18.05.2004; *Dagens Næringsliv* 07.05.2004b; *VG* 02.06.2004). Foss indicates that there might be a certain annoyance among Parliamentary politicians, because of the industry’s unwillingness to acknowledge clear political signals: [...] it is obvious that some probably experienced that after the government had stated its case, there was an attempt afterwards to influence Parliament as well [...]. And in spite of that, the OLF continued into extra time. I suppose that was perceived as annoying by some” (Foss, interview, 05.01.2006). This insistence on following the campaign through reveals a continued lack of sensitivity concerning the legislative environment and even asymmetry, to use Grunig et al’s term (2004).

Very few newspapers now take a stand in favour of the OLF. Only *Nordlys* has an interview with Vold that is perhaps marginally disposed in the OLF’s favour (*Nordlys* 12.05.2004). *Bergens Tidende*, who on several occasions has seemed pro-OLF, now says that “[...] there are [...] limits as to how displeased the industry should be allowed to be” (*Bergens Tidende* 12.05.2004). *Dagens Næringsliv* actively positions itself by reporting that there is great satisfaction among the smaller oil companies concerning the budget and the new regulations on tax allowances, which will make it far easier for

smaller companies to enter the Norwegian shelf (*Dagens Næringsliv* 01.06.2004; *Dagens Næringsliv* 02.06.2004), while *Stavanger Aftenblad* nicknames the OLF as “ the eternal mourner” (*Stavanger Aftenblad* 09.06.2004). The press have definitely turned critical. Their stakeholder salience for this particular lobby campaign is, however, in Mitchell et al’s terms (1997), hardly anything but *discretionary* since they by now cannot in effect have any possible power or urgency over the result that is at hand.

Although Torvund and the industry still maintain their confidence that it is only a matter of time before the special tax is reduced (*Dagens Næringsliv* 03.06.2004), it seems that by summer 2004 even the OLF realize that the goal of the campaign is unattainable for now. But that does not mean that they have given up the fight. They hire a new Director of Communications (*Adresseavisen* 10.08.2004) and generally adapt a more, in Grunig et al’s (2002) term, symmetrical approach to the tax issue, showing a readiness to acknowledge the positions and perceptions of their stakeholders. Vold says that: “It is possible that the horizon stretches further than we expressed” (Vold quoted in *Dagens Næringsliv* 24.08.2004). In the same article *Dagens Næringsliv* praises Nina Bjerkedal and the other public officials of the Ministry of Finance for standing firm against the powerful oil industry. *Aftenposten* writes a rather sarcastic commentary article about OLF and Vold titled “The oil boys’ puppet” (*Aftenposten* 23.11.2004). The press later characterize the oil industry as “Paint-it-blacks” (*Aftenposten* 20.12.2004), a name also used by *Dagens Næringsliv* a few days later (*Dagens Næringsliv* 24.10.2004). By summer 2004, the failure is a fact.

5.9 SUMMARY OF THE DECISION-PHASE

During this period the industry increases their direct lobbying tactics successively directed at the definitive stakeholders of this phase; public officials, government decision-makers and parliamentary decision-makers. These stakeholders are, in Mitchell et al’s terminology (1997), definitive during this phase, since they possess formal and substantial power over the result of the industry’s undertaking, legitimacy through democratic principles, and their claims toward the industry are certainly urgent. The public official of the OED and the Ministry of Finance are in a unique position, due to their power of expertise over the political decision-makers, and thereby their power to influence the political consensus, or the legislative environment. Although indirect tactics are not totally abandoned, the main focus is now on direct influence (table 2.1; table 2.2). In accordance with Mayhew (1997), that implies a turn from politically founded arguments to technically founded arguments. The production of the Kon-Kraft Tax Project (Kon-Kraft 2003c) represents a synthesis

of technical and political lobbying information, but with a technical emphasis, and is a direct tactic *organization initiated consultation* (table 2.1.) aimed at convincing the officials of the ministries. It is apparently meant to increase, in Mitchell et al's terms (1997), the legitimacy of the industry's claim. Although there is agreement on important factual premises stated by the report, the public official stakeholders disagree about the measures which must be taken to increase petroleum industrial activity. Although the description has legitimacy in the eyes of the public official stakeholders, the recommendations lack just that. The campaign turns gradually in the industry's disfavour after the presentation of the Kon-Kraft report. Apparently, the industry fail to realize the effect the increasing oil price might have on the legislative environment. From a strategic point of view the campaign should perhaps be stopped, as it becomes increasingly clear that their goal is hard to reach.

According to the theory presented in chapter 2.3.5, mobilizing allies should be the most important indirect tactic during this phase. Few if any allies position themselves, however, as definitive stakeholders of the industry, apart from contributing to the Kon-Kraft report. Neither do the attempts at *political grassroots lobbying* (table 2.2) on the West Coast eventually persuades the decision-makers, and it seems that this support, in the eyes of the central political decision-makers, lack the sufficient legitimacy, to apply Mitchell et al's term (1997). It seems doubtful that the indirect advances strengthen the industry's claim at all. Especially the allies would have to be far more visible. These ally stakeholders who from the industry's point of view should be perceived as definitive stakeholders, fail, or avoid, present the claim urgently to decision-makers or media stakeholders.

The industry increases the direct lobbying pressure, reorganizes the OLF in Oslo, making them the spearhead of the campaign without any visible positive effect. A negative effect is that the campaign now becomes the object of media attention, not as a political issue on the industry's premises, but as an issue about a rich sector fighting for their own conditions. The media's role is however limited. The complexity of the issue prevents any real public debate, and the media's influence over decision-makers is apparently limited, leaving the media as only a *discretionary stakeholder* at the end of the campaign, lacking both power and urgency (Mitchell et al 1997).

A significant number of political decision-makers perceive the industry's communication as arrogant. Such asymmetrical features (Grunig et al 2002) probably derive from the technocracy which characterizes the industry. Their perception is, in Freeman's words (2002), out of line with that of the

decision-maker stakeholders. The industry insist on following the campaign through, even though it is clear that the legislative environment has changed in their disfavour, adding to the exhaustion of these stakeholder relations. Although the Tax Report is intended to represent a win-win situation, to apply the *Excellence-Model* (Grunig et al 2002: 357), the communication with public officials is characterized by asymmetry on both sides, without real willingness to compromise. The Revised State Budget (St.meld.2, 2004) finally discredits the Tax Report's solution, labelling it a win-loose proposition, rather than a win-win situation. The fact that the industry, even after the presentation of the Revised State Budget fail to accept defeat and insist on continued parliamentary lobbying, further increases the strain on their relations with legislative-stakeholders, and further increases the asymmetrical character of the the lobby campaign.

6 ACCEPTING DEFEAT?

6.1 THE FADING OF THE ISSUE

After the decision is definitive in late May 2004, the press criticizes, as mentioned earlier, the oil industry heavily. OLF's Director General admits that the timing was bad. He nevertheless maintains that it was necessary to present the Tax Report, but admits that the industry became too focused on that particular aspect (*Stavanger Aftenblad* 17.01.2005). The industry obviously change tactics during the post decision phase. They adapt, in Grunig et al's term (2002), symmetrical approach to the issue, in the sense that they admit that they may have been mistaken about certain aspects of the issue. But this does not mean that they have buried the issue. The industry is still of the opinion that they were right and there is little doubt that a special tax reduction will become an issue once again in the future.

It is not buried. The issue is important [...]. The issue can be dug up and modernized in 2008-2009. That should be relatively easy. Arrange a new wrapping. The arguments are totally adequate, and we might have a story which is quite dramatic in relation to the two scenarios of development (Heileman, interview, 28.11.2005).

Tore Torvund maintains that it was a correct decision to see the campaign through: “[...] it was natural for us to present our case until Parliament were to take a stand about the issue. And I believe that understanding, the level of knowledge, has [...] increased [...]. It was sensible to use the opportunity to inform” (Torvund, interview, 27.03.2006). Bøhm agrees: ”I think we should stand upright for what we have done, and we just have to realize that it is a demanding exercise to run a public opinion campaign in the oil industry” (Bøhm, interview, 09.11.2005).

Rysst Jensen says: "Our opinion was that it was important to communicate the message we believed in, and which we still believe in, they way did. And we believe that all our assertions and conclusions from this report stand firml" (Rysst Jensen, interview, 02.02.2006. Senior Vice President for Media Relations in Hydro, Tor Steinum delivers the same message: "It is our systematic approach that we are not here to lick people's backs, we are here to say what we believe to be right and what we believe to be sensible, and to give the recommendations we believe are beneficial for society and for ourselves" (Steinum, interview, 03.11.2005). Judging from the industry's maintained belief in the legitimacy and urgency of their recommendations, there is little doubt that the tax issue will once again be put on the industry's agenda.

As stated before, tax conditions have been a reccuring tug of war between the government and the oil industry. "It probably will occur at regular intervals. I have sat in the Committee for Finance sine 1989, and, prior to that, eight years in the Committe for Industry, so I start to recognize the arguments" is Foss' comment to *Dagens Næringsliv* (*Dagen Næringsliv* 10.05.2005). Hill-Martha Solberg also anticipates this, and conveys the message that the next time around will be no easier match:

They will probably be back. It is therefore just as well to give a clear signal already now: The government's reasons for opposing a general reduction of a special tax for the oil sector are good. When considering the profit of the companies and their justification for the demands for tax reduction, there is no reason to support this (Solberg quoted in *Dagens Næringsliv* 12.05.2004).

This underlines the cyclic nature of lobbying, as illustrated by Jaatinen (1999). Any future lobby campaign will always be undertaken within a new frame of reference for all actors, where the previous attempt may have altered the stakeholders' opinions in negative or positive directions. The issue is now going into an inactive state, but will more than likely be put on the agenda once again. The main question is whether the strained stakeholder relations will come back to haunt the industry at a later stage.

6.2 CHANGES IN THE DECISION-MAKING ENVIRONMENT

According to my OED-source, there are certain positive effects of the campaign: "[...]we got an evaluation of the whole sector [...] it was positive that we uncovered a series of fact, on which we actually agreed (Anonymous OED-source, interview, 06.01.2006)." The Kon-Kraft Tax Report (Kon-Kraft 2003c) has certainly highlighted and spread information about the conditions and challenges on the Norwegian Shelf. And although they fail to convince their stakeholders that their solution is mutually beneficial, there is agreement about the description. This implies, as mentioned, that there, during a new special tax lobby campaign, may be significant changes in what Jaatinen

refers to as legislative environment (Jaatinen 1999: 135). Whether or not this campaign will turn out to the advantage or disadvantage of the oil industry in their next lobby campaign is hard to say. If the oil activity on the Norwegian Shelf continues to decrease, the industry may well benefit from the campaign, in the sense that it could be taken as proof that they were right all along. And in that case, not backing down in face of resistance, might serve them credit, thus strengthening the legitimacy of their argument in the eyes of public officials, decision-maker and media stakeholders, applying the traits of Mitchell et al (1997).

After the presentation of the Revised State Budget in May 2004, it becomes clear that the adjustments actually made in the petroleum tax regime benefits the small oil companies that specialize in tail production. These companies warmly welcome the new tax changes (*Dagens Næringsliv* 01.06.2004). They are, however, not OLF-members. The oil industry are adaptive, or in accordance with Grunig et al (2002), symmetrically inclined, in the sense that they publicly acknowledge that these new regulations have increased company pluralism on the Norwegian Shelf, and consider this a positive outcome of Revised State Budget. Below the surface, they doubt that this arrangement is beneficial both for society and for activity on the shelf (Anonymous OED-source, interview, 06.01.2006; Bøhm, interview, 09.12.2005, Heileman, interview, 28.11.2005). In effect, these small oil companies become the competitors of the OLF-members, or, to use the terminology of model 2.3, hostile ad hoc stakeholders. In Jaatinen's terminology, they are competitors, being receivers of the benefits which the OLF has worked to attain for their own members (Jaatinen 1999: 69).

6.3 SUMMARY OF THE POST-DECISION PHASE

The industry now accept that the campaign is over. They adapt a less persistent attitude and, although they maintain that the issue is still important and the arguments valid, they admit that the time horizon may be wider. This indicates, according to the Excellence-Model (Grunig et al 2002), a more symmetrical approach on the industry's part, as they seem more inclined to adapt to their stakeholders' point of view. The legislative environment has undoubtedly been altered as an effect of the campaign. Moreover the level of knowledge has certainly been raised among political decision-makers. But at the same time, an impression of the oil industry as arrogant lobbyists with, in Grunig et al's term (2002), an asymmetrical, win-lose agenda has also been established. It is possible that this

may affect the legislative environment during a future lobby campaign for alterations in the petroleum tax regime.

7 CONCLUSION

7.1 ANSWERING RESEARCH QUESTION 1 - LOBBYING STRATEGIES AND TACTICS

Which lobbying strategies and tactics did the oil industry apply in order to achieve reduced special tax in the period between 2002 and 2004?

The analysis shows that the oil industry applied a variety of both direct and indirect tactics. Except for *official collaboration initiated by the government*, the oil industry certainly adapted the other three direct tactics: *official consultation initiated by the government*, *official contacts initiated by the organization* and *informal contacts* (table 2.1). The factual extent of these different forms of lobbying is of course difficult to establish without making a quantitative study of the meetings, talks and correspondence between the the industry and public officials and decision-makers. But both the media analysis and the interviews reveal that the industry on several occasions and over a prolonged period of time maintained official contact with decision-makers and public officials. The Kon-Kraft Tax Report (Kon-Kraft 2003c) is in itself an example of consultation which, although initiated by the industry, came into being with the blessing of the government, and furthermore, in Mayhew's terms (1997), a grand example of technical lobbying. It is of course harder to establish the extent of informal contacts. But the empiric material shows that there was such contact between public officials and decision-makers, at least through conferences and The Senior-Management. In addition comes the contact which certainly takes place in other, more secluded arenas between these different parties, perhaps in particular between the industry and the sector specific OED.

The indirect tactics applied included *media relations*, *political grass roots lobbying* and *alliance building* (table 2.2). The industry apparantly perceived the media as an important stakeholder, as explicitly stated by interviewees such as Halvorsen (interview, 01.11.2005) and Ims (interview with Øyvind Ihlen, 29.12.2005) and shown by the media analysis. The media's influence in putting the issue on the political agenda was apparent during the pre-decision phase. The inital positive bias in the media and the presence of Hydro and OLF top management show the industry's priority of media relations as an indirect tactic. The media's influence on the issue was, as mentioned before, probably most salient

during the pre-decision phase. The industry's presentation of the issue in the media was, in Mayhew's terms (1997) political, in the sense that it primarily focused on political and societal consequences rather than technical details. The political grassroots lobbying on the West Coast was also certainly a tactic which the industry perceived as potentially rewarding, even though there is uncertainty as to the effect of this tactic. Alliance building was furthermore apparently important to the industry, with the production of the Tax Report on the Kon-Kraft umbrella as the best example. The fact that allies such as the LO, the TBL, the NOPEF and the NHO did not make themselves visible enough to influence the political decision-makers in a sufficient manner, does not diminish their potential strategic importance as indirect tactic.

My premise that a wide lobbying definition should be applied for the case seems therefore correct. One could argue that the indirect contacts could be defined as lobbying, while the indirect contact could be treated as regular public relations, an approach which would be aligned with the lobbying definitions of Grunig & Hunt (1984) and Ihlen (2004b). But since my oil industry interviewees explicitly state their strategically wide stakeholder approach in their attempt to influence the political decision-makers, that would imply being unfaithful to the case. The findings of the case demand a wide stakeholder definition.

7.2 ANSWERING RESEARCH QUESTION 2 – IDENTIFYING STRATEGIC STAKEHOLDERS

Who were the oil industry's stakeholders in this particular case, and how did the oil industry act strategically in relation to these stakeholders?

The analysis reveals, as previously mentioned, that multiple decision-maker and non decision-maker stakeholders were identified by the oil industry, with whom they communicated strategically in order to achieve adjustments in the tax regime. The industry applied their lobbying tactics with varying pressure during the different phases of the lobby campaign. These stakeholder groups were, as stated earlier, governmental decision-makers (the Minister of Finance and the Minister of Petroleum and Energy in particular), parliamentary decision-makers (The Labour Party in particular, public officials of the Ministry of Finance and of the Ministry of Petroleum and Energy, the media, and allies. In addition, a few ad hoc stakeholders entered the arena during the course of the campaign.

The analysis shows that the governmental and parliamentary decision-makers were, in Mitchell et al's (1997) terminology, definitive stakeholders during, respectively, the governmental sub phase and the parliamentary sub phase of the decision-phase (table 2.3). During the other two phases they remained *demanding stakeholders* (still according to Mitchell et al 1997), lacking the substantial power outside the decision-phase, but any statements, claims or positions made or taken by decision-makers are certainly of importance to lobbyists, regardless of phase. It seems that the media have legitimacy, urgency and symbolic power present during the initial phase of the campaign, and are instrumental in putting the issue on the decision-makers' agenda, thus activating the decision-phase. This stakeholder groups lapses, however, into a position as discretionary stakeholder (Mitchell et al 1997: 875), since the urgency and symbolic power diminishes with the technical turn taken by the issue during the decision-phase. As for ally stakeholders, like the LO, the TBL, the NOPEF, and the NHO, these fail to be mobilized sufficiently for the industry's purpose. It seems unlikely that the industry did not perceive them as definitive stakeholders. The reason may be that the allies ultimately decided that they had no, in Carroll & Buchholtz's words (2003), *stake* in the lobby campaign. The ad hoc stakeholders who were active in the industry's favour, for instance Jan Samuelson and Leif Wollebæk, would be dependent stakeholders, while Professor Petter Osmundsen probably would be perceived as a definitive stakeholder. The only explicitly hostile ad hoc stakeholder was Karine Nyborg, who, from the industry's point of view, emerges as a *dangerous stakeholder* (Mitchell et al 1997:877), with only symbolic power and urgency present.

The findings reveal that the industry's intention to, using Grunig et al's terminology (Grunig et al 2002: 357), communicate a *win-win situation* with decision-maker and public official stakeholders, failed. Their communication was in fact initially perceived as asymmetrical by the majority of these stakeholders and their proposal perceived as a *zero-sum* or *win-lose situation*, meaning that one party loses, while the other benefits (Ibid). The industry furthermore attempted a tight rope balancing act between, following the distinction drawn by Mayhew (1997), the political argument of the unemployment aspect and the technical argument of the Kon-Kraft report. They eventually failed, however, to persuade the stakeholders about the truth of any of these, and the issue did in fact turn into a political issue in the industry's disfavour.

7.3 ANSWERING RESEARCH QUESTION 3 – EFFECTS ON STAKEHOLDER RELATIONS

Did the lobbying efforts influence the oil industry's stakeholder relations?

There are discrepancies in the findings concerning whether or not the lobby campaign affected the oil industry's relations. It is important to emphasize that the discrepancy does not follow the distinction of internal vs. external interviewees and sources. There are differences in opinion within each class of interviewees (non decision-maker stakeholders, lobbying organization, and decision-maker stakeholders). One example is that Rysst Jensen (interview, 02.02.2006) and Torvund (interview, 27.03.2006) are not in complete agreement as to the reputational effect of the campaign, even though they both represent Kon-Kraft and Hydro. The empirical material does, nevertheless, allow for certain conclusions to be drawn through triangulation.

It seems unlikely that any permanent damage has been inflicted upon the oil industry's general reputation as an effect the campaign. The fact that the media debate on the issue was so technical, inaccessible, and narrow probably contributed to restrict any such effect. Statements like "You need to have a reputation for it to be damaged. I mean: Who cares? What is the OLF?" (Ask, interview, 06.10.2005), "It has not damaged the industry's reputation.[...] But I would say that it was close [...]" (Nordtun, interview, 09.02.2006), "[...] I cannot see that it has inflicted any irreparable damage [...]. I do not think it has lead to any lasting weakening of the reputaion among ordinary people" (Rosenberg, interview, 04.11.2005), and "I think people forget quickly [...]. I actually think this has been forgotten [...]" (Anonymous OED-source, interview, 06.01.2006) indicate that the reputational damage was probably minimal.

There are, however, indications that certain stakeholder relations may have been exhausted by the lobby campaign. The annoyance and fatigue which spread among decision-maker stakeholders seems to be a significant negative effect of the persistent strategy during the decision phase of the campaign. Several decision-maker interviewees suggest that this mistake may follow the industry into a future lobby campaign for adjusted taxes. Nordtun says that: "[...] I would say that they should think twice before running a similar campaign today [...]. There should be some time before the issues is resumed (Nordtun, interview 09.02.2006). Sørfonn indicates that the industry needs to regain the politicians' confidence: "[...] they probably have a job in regaining that confidence. [...] you become a bit more alert by going through a process such as this" (Sørfonn, interview, 07.02.2006). Foss agrees that: "[...] this campaign resulted in their needing to be very capable the next time they present tax demands to the government. [...] I believe it left a certain scepticism

among the politicians” (Foss, interview, 05.01.2005). Given that these decision-maker stakeholder are definitive, as explained in accordance with Mitchell et al (1997) in chapter 7.2, it is apparently negative to have damaged, if only temporarily, these stakeholder relations. As for the public officials stakeholders, the situational strain was apparently present at the time, but it will probably not be a permanent strain (Anonymous OED-source, interview, 06.01.2006; Foss, interview, 05.06.2006).

The media’s influence on the outcome of the issue was, as mentioned, not all that significant. Løvås states that: “You should be careful not to overestimate the significance of the press” (Løvås, interview, 05.10.2005). Although he acknowledges the advantage of media support, Foss disregards the idea of the press’s influence: “I do not believe that the media played [...] any decisive part (Foss, interview, 05.01.2006). Even though the OED-informant suggests that “[...] It is probably the case with some politicians that they glanced a bit towards public opinion (Anonymous OED-source, interview, 06.10.2006), the overall analysis indicates that the political consensus and the technical expertise of the public officials were far more important factors than the media. It seems unlikely that the public officials were influenced by the press at all. I cannot, rule out the possibility that the media had some influence on decision-maker stakeholders, but will maintain the position that there were other stakeholders and external factors, such as increasing oil price, which were far more influential. There is, however, a possibility that the media’s influence might be stronger in a future lobby campaign. It seems likely that the media in that case would act as a collective memory, reminding the public of the industry’s unsuccessful advocacy of the issue. Rosenberg is certain that they will: “It is our job” (Rosenberg, interview, 04.11.2005). Løvås assures that: “They will be confronted with this by the ones who remember it. We will remember it. And we will remember in particular that it was Hydro who ran this campaign” (Løvås, interview, 05.10.2005). It is interesting how Løvås emphasizes Hydro’s visibility during the campaign, a view shared by colleague Ask: “[...] those who work with these things [...] they know that the tax issue is run by Hydro, and that this is Hydro og Tore Torvund’s mistake” (Ask, interview, 06.10.2005). This may indicate that Hydro’s stakeholder relation with the media has been most damaged by this issue. Whether or not the media’s present attitude towards the industry will have any actual effect at a later stage is impossible to say for certain. Both Foss and the OED-informant suggest that the turnover in the press is so great that it might not be a problem, especially if the issue remains inactive for a considerable period of time (Anonymous OED-source, interview, 06.01.2006; Foss, interview, 05.01.2006). The present strain is nevertheless certain.

7.4 CONCLUSIVE COMMENTS ON THE FINDINGS

In sum, the findings show that the lobbying organization's relations with governmental decision-maker stakeholders, parliamentary decision-maker stakeholders, public officials and the participating media were strained as a result of their lobby campaign. But it is unlikely that any permanent reputational damage has been inflicted. The damage is thus situational, and restricted in time, to specific relations and to this particular issue. Given the premise that the legislative environment (Jaatinen 1999) is crucial to the outcome of any legislative decision, it is certainly possible that the oil industry will have even greater difficulties convincing the decision-makers during a future lobby campaign. Clearly this depends on the time lapse, and on several external factors beyond the scope of this thesis. It is, for instance, conceivable that the industry's claim would achieve increased legitimacy and urgency if the activity on the Norwegian shelf should continue to sink. If there were political consensus about the reality of such a crisis, the industry's persistence through the whole campaign, might in fact turn out to their advantage. Such reasoning lies, however, outside the limits of this study.

The findings of this study indicate a situational damage to vital stakeholder relations, which, according to the presented theory of the issue life-cycle, might be a negative factor during a future pre-decision phase. Exhausted stakeholder relations and a negative legislative environment would certainly be bad starting point for a new lobby campaign. Whether the industry's relational mistakes had a decisive outcome for the campaign is also difficult to say. External and technical factors might finally have turned out the outcome in their disfavour. The study does, however, show a strain on the relations with key stakeholders, on whom the industry were dependent for success. Having created an impression among decision-makers of being an industry with an asymmetrical agenda can certainly only be to their disadvantage. The findings do, however, indicate that the industry might have benefited from being more modest in their demands, in other words moving more towards the win-win zone (Grunig et al 2002). Had they been more open in acknowledging the signals from their stakeholders, the last part of this costly and fruitless campaign could have been avoided, thus also limiting the strain on stakeholder relations. The industry became too short-sighted regarding their goal, and failed to realise the potentially long-term strategic importance of stakeholder relations, even within a lobbying context. Instead the industry's lobbying backfired.

7.4 THEORETICAL AND PRACTICAL IMPLICATIONS

The empirical findings show the link between stakeholder theory and widely defined lobbying. There is a need to think in terms of stakeholder relations as long as the lobbyist thinks and acts in relations to external actors other than the political decision-makers. Stakeholder theory must adapt itself situationally in order to be able to deal with cases where stakeholders diverge from the usual tenor of the stakeholder literature, as is the case with lobbying. Together with Grunig's & Hunt's *situational linkages* (1984), Mitchell et al's (1997) combinations of stakeholder traits offer such a heuristic framework for dynamic identification of stakeholders. This is what I attempted to do in chapter 2.4. The creation of a lobby specific stakeholder model should, in combination with the traits for identification of stakeholder salience provided by Mitchell et al (1997), be helpful for lobbyists, stakeholders and scholars alike in identifying relevant actors in lobby campaigns. Note that no such model is absolute, and that stakeholders' salience is situational, thus emphasizing the need for Mitchell et al's (Ibid) stakeholder traits as an underlying heuristic framework. A particular trait of this case seems to be the importance of public officials. This is contrary to the tenor of central lobby theory which is traditionally focused on government and Parliament. This find calls for an expanded focus when lobbying government, at least in technically complex issues such as petroleum legislation.

Lobbying theory and practice is by nature result oriented, but need to be conscious about the relational aspects of lobbying. This implies that relations should, even from lobby perspective, be regarded as strategic goals in themselves. What is destructive to key stakeholder relations is also destructive to the result orientended act of lobbying. The communication and negotiation of win-win situations is furthermore imperative in maintaining mutually satisfactory stakeholder relations and in lobbying political decision-makers. Insensitivity to changes in the legislative environment and asymmetrical communication are, on the other hand, destructive for stakeholder relations and thus for the purpose of lobbying. From a lobbyist's and lobby theoretical point of view, the main challenge is thus to simultaneously maintain a result oriented and a relations oriented focus, and realize the inter connection. The concept of the lobby life-cycle might help to remind us that relations are investments which may pay off in the future. Maintaining the idea that stakeholder relations are goals in themselves, parallel to the goal of influencing the political decision, seems to be a key. Relations are the lobbyist's channels of influence and a means to achieve the legislative goal. Mistreat stakeholder relations, and it may backfire immediately or at a later stage. Symmetrical

communication must be applied to ensure that the lobbyist's perception is in tune with that of the stakeholder, and that relations are mutually satisfactory. "When organizational perceptions are out of line with the perceptions of the stakeholders, all the brilliant strategic thinking in the world will be to no avail" (Freeman 2002: 117).

7.5 LIMITATIONS

There are possible limitations to this study, given the focus on stakeholders, relations and lobbying tactics. As the challenge of the increasing oil price indicates, there may have been other external factors which contributed to changes in the legislative environment. Moreover, the political constellations at the time may have influenced the result of the campaign. The academic quality of the Kon-Kraft Tax Report (Kon-Kraft 2003c) is also outside the limits of my competence. It is from a contra factual point of view possible that the campaign would have failed, even with a continued low oil price, the wide support of powerful, legitimate allies with an urgent claim, the support of the media and with totally different political constellations. My aspiration was not, however, primarily to uncover why the industry failed. One stakeholder theoretical limitation is that I focus only on external stakeholders. By doing that, I ignore the fact that the oil companies are in fact stakeholders of the OLF. This is indeed necessary in order to focus the study. The same applies to allies. I have not investigated the possibility that damage was inflicted upon these stakeholder relations, since they were not targets of lobbying as such, but rather means to an end in the lobby campaign.

7.6 FUTURE RESEARCH

Both the case and the theoretical fields studied clearly invite future research. A stakeholder specific study of interest organizations, or the OLF in particular, would be interesting, considering that Hydro evidently was a driving force in spite of the recommendations of people within the OLF. An in-depth study of relation building and alliances in lobbying would be an amplification of this thesis. Analyzing the rhetorical aspects of the political arguments would also be an interesting approach to understanding the case. I mentioned earlier that I wanted to avoid ethically founded discussions concerning the practice of lobbying. A welcome addition to technically and strategically focused studies such as this one would be studies of lobbying against a background of democracy theory.

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