

Standardized CSR and Climate Performance

Why is Shell willing, but Hydro reluctant?

Elin Lerum Boasson and Jørgen Wettestad



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Abstract

This report aims to contribute to the ongoing discussion concerning whether CSR merely serves to streamline company rhetoric or also has an influence on actual efforts. We discuss the tangible effects of CSR instruments on the climate related rules and performances of the two differing oil companies Hydro and Shell. First we explore whether similar CSR instruments lead to similar climate-related rules and practices in the two companies. Both Hydro and Shell adhere to the Global Compact (GC), the Global Reporting Initiative (GRI), the Carbon Disclosure Project (CDP) and the Global Gas Flaring Reduction Public-Private Partnership (GGFR). The report concludes that the GC has not rendered any tangible effects in either of the companies. Concerning the other instruments, Hydro has only followed the instrument requirements that fit their initial approach, and refrained from all deviating requirements. Shell has been more malleable, but we have noted few effects on the actual emissions and business portfolio resulting from the instrument adherence.

Second, we assess how the differing results of the similar CSR-portfolio may be explained. The reluctant attitude of the leaders in Hydro and the strong CSR motivation of Shell's executives result in significant differences. Hydro executives are able to constrain the effects of the instrument adherence. With Shell we note the opposite pattern: its leaders promoted the instruments to be translated into internal rules, but a general lack of hierarchical structures hinders them from governing the conduct of various sub-organisations. The very diversity of the Shell culture helps to explain why the efforts of its executives have resulted in limited impact. The strength of the Hydro culture makes the corporation resistant to the instruments. Moreover, Hydro is strikingly shielded by virtue of its strong position in Norway. In contrast, Shell is more strongly affected by the global field of petroleum and the global field of CSR. While the former hampers the instruments in rendering effects, the latter contributes to explaining why the two companies decided to adhere to the instruments in the first place.

Key Words: Corporate Social Responsibility, CSR, Hydro, Shell, climate, Global Compact, Global Reporting Initiative, Carbon Disclosure Project, Global Gas Flaring Reduction Public-Private Partnership

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1 Introduction

Corporate Social Responsibility (CSR) can be seen as a management trend with ‘one size fits all’ solutions to ethical and social issues (Sahlin-Andersson 2006:16, Windell 2005:17). Whether CSR merely serves to streamline company rhetoric or also has an influence on actual efforts has been heatedly debated by stakeholders and scholars alike (e.g Sahlin-Andersson 2006). This report aims to contribute to the ongoing debate. We will trace the tangible effects of CSR instruments in relation to one issue within one sector: to what extent and how oil companies’ application of CSR instruments affect their climate performance. This involves following a three-step causal chain. First, we explore the choice of CSR instruments. Second, we examine the effect of these CSR instruments on internal company rules. And finally, we discuss how these CSR-induced rules affect the companies’ relevant products and emissions, and hence ultimately how CSR instruments contribute to fighting climate change. The two oil companies selected for study are the comparatively small Norwegian company Hydro and the larger Dutch/British Shell.¹ They have been chosen due to their similarity in CSR portfolios, as elaborated below.

This report is a part of the RARE (Rhetoric and Realities in CSR) research project, funded by the EU’s sixth framework programme. Previous work within this project has shown that oil companies are, at least in rhetoric, frontrunners when it comes to engaging in CSR (Boasson et al. 2006). Moreover, they perceive climate change as the most important of all societal challenges confronting the industry

Instruments with standardized approaches for coping with societal issues are central features of the CSR trend. Such instruments involve formal decisions concerning adherence; they are promoted by dedicated secretariats; and they provide global meeting places for their adherents. On this backdrop, we might expect the rules promoted by the CSR instruments to penetrate company practices. On the other hand, the complexity of the societal issues in focus, as well as the ambiguity of the instruments, their voluntary character and lack of forceful follow-up mechanisms all give reason to suspect low effects (Sahlin-Andersson 2006, Miles et al. 2002). These contradictory expectations warrant an in-depth case study of actual effects, although it should also be borne in mind that, due to the recent character of the instruments, they may not yet have displayed their full potential.

The similarity of Hydro and Shell’s CSR portfolios as contrasted with their highly differing company-specific characteristics make them interesting objects for comparative case study. Both companies participate in the UN-initiated Global Compact, both apply the standard of the Global Reporting Initiative, report to the Carbon Disclosure Project and participate in the Global Gas Flaring Reduction Public–Private Partnership (Boasson et al. 2006). The first two initiatives target a broad range of societal challenges, including climate change, while the two latter focus explicitly on climate change. All four instruments aim at emission reductions and the development of low-carbon products, such as new

renewable energy and the capture and storage of CO₂. This study focuses on the development of company rules and practices related to carbon emissions and low-carbon products.

Despite the similarities in their CSR portfolios, differences between the two companies seem to have resulted in the CSR instruments affecting the climate practices of the two companies differently. Shell is an international oil giant, with a turnover eleven times higher than that of Hydro. Moreover, it is active in 145 countries: by contrast, Hydro is active in 40, but most its activities are concentrated in Norway (Hydro 2006, Shell 2006). A comparison of how the two companies have adapted to the instruments in focus may improve our understanding of how CSR instruments affect company-specific rules and the extent to which such rules actually determine a company's environmental impact.

Various explanatory approaches may shed light on these relationships: the motivation of the company leadership, the company-specific culture, or the characteristics of the environments in which the companies operate. Following the analytical language of organisational theory, these environments may be grouped in three: the companies' countries of origin, the global field of petroleum, and the global field of CSR. These organisational fields may exert different kinds of pressure on the companies' choice of instruments, rule-making and actual performance. There are two main research questions to be addressed here: *Do similar CSR instruments lead to similar climate-related rules and practices in Hydro and Shell?* and *How may the effect of the CSR instruments be explained?* As all four instruments were introduced at the entrance to the millennium, the time-span under study is set to early 2000 until late 2006.

This report is based on scrutiny of company publications, review of earlier research concerning the two companies, and a series of in-depth interviews with company representatives.² The next section briefly describes the theory basis. The third section examines the relation between the CSR instrument portfolios of Hydro and Shell and their climate-related rules and practices. The fourth section looks at some factors that may have caused this pattern of relations. It discusses both internal organisational factors and the companies' responsiveness to the environments in which they operate. Similarities in company responses to the CSR-instruments may be explained by similarity in the internal or environmental factors, whereas differences may be explained by differences in the explanatory factors. The fifth section sums up the main empirical and theory findings.

2 Theory Basis

We assume that adherence to an instrument may affect a company's rules relevant to activities that contribute to climate change (henceforth: climate-related rules), and that these rules may in turn govern the company's climate impact. The latter term refers to the company's actual emissions and its balance between high- and low-carbon products. We regard company employees as rule-following actors (March & Olsen 1989). By 'rules' are meant the routines, procedures, roles, strategies, organisational forms and methodologies through which the companies'

activities are constructed (March & Olsen 1989:22). Rules may be formalised or have a more informal, culturally defined character (Christensen & Røvik 2002). The CSR instruments explored here involve overarching principles, reporting standards, standardized codes of conduct, and participation in learning forums.

The effects of instruments will be traced through a three-step causal chain – from output, to outcome and impact (Skjærseth & Wettestad 2004). Adherence to an instrument is regarded as an *output* of some kind of internal decision process. The nature of the instruments must be taken into account when describing the output. Instruments may vary with regard to scope, specificity and follow-up activities. The more kinds of social activities they encompass, the greater is their scope. Specificity relates to how concrete are the requirements they represent. As to follow-up activities, these may vary in form and intensity.³ When we describe the companies' output this will be regarded as a dichotomy: either they adhere to the instruments, or they do not.

Outcome is seen as the introduction of new rules or alternation in the company's original rules. The outcome will be deemed 'strong' when instrument-induced rules replace formerly prevalent rules, 'medium' when a substantial part of the prevalent rules have been replaced, 'weak' in instances of minor alternations, and 'non-existent' when no substantial effects can be detected. If the rules of the company were in line with the instrument to begin with, adherence may contribute to raising their status. This we will regard as a 'weak' effect.

Impact refers to outcome-induced change in company actions which affects the company's carbon emissions or the carbon content of their product portfolio. If such instrument-induced rules conflict with other company rules, are unachievable in technical terms, or fail to be communicated to the right persons, they may not come to guide action (Brunsson 1993, March & Olsen 1989). The effects will be deemed to be strong when company actions are completely guided by instrument-induced outcomes. Instances of substantial but incomplete changes in actions will be termed medium impact, whereas minor alternations will be regarded as weak impact. When it is impossible to detect changes, there is no impact. This implies that the level of impact depends heavily on the level of outcome: only a high level of outcome may yield a high level of impact.

Our explanatory approach encompasses five complementary perspectives – two focusing on internal organisational conditions, and three on the external environments in which the companies participate. While the internal explanations indicate firm boundaries between the companies and their environments, three additional external explanations regard the boundaries between a firm and its environment as arbitrarily drawn and quite blurred (Hoffman [1997] 2001:7).

The perspective of *hierarchical control* assumes that the executive managers are in full control of their company, although they are bounded rational actors (Simon [1947] 1997). The companies will develop business strategies which set out clear hierarchies of objectives.

Decisions are based on assessment of a broad range of options in relation to these goals. On such a basis, the executives will decide which instrument to adhere to, and how to transform these into formal rules and practices (Prakash 2001). The employees will act in line with formal organisational structures and rules (Christensen et al. 2004:43). The leaders may want to use the instruments in order to improve the company's climate performance or to create tangible financial effects; these aims may also be combined. Formal coordination mechanisms and clear lines of command ensure that the aims of executives are communicated throughout the organisations, whereas performance information is transferred back to the top (Gulick 1937). On this basis, we expect *that the executives will ensure that output, outcome and impact are in line with company goals.*

The *cultural perspective* focuses on informal, normative rules and routines, and assumes that members of the organisation act in accordance with what is perceived as culturally appropriate (Christensen & Røvik 2002, March & Olsen 1989). This perspective assumes that the corporations are strongly institutionalised, both vertically and horizontally. Vertical institutionalisation implies that the members of the organisation follow informal cultural rules rather than formal ones, whereas horizontal institutionalisation implies that all of the company's sub-organisations share the same cultural traits (Christensen et al. 2004:53, Krasner 1988). The company culture will be marked by events in the early years of its life, but also be malleable to incremental change. The circumstances under which a company was established will crucially affect its internal socialisation processes and future development (Pierson 2004, Selznik 1957, Thelen 1999:387). The original trajectory will constrain the organisation's response to historical events such as performance crisis or diverse exogenous shocks (Thelsen 1999:397, Christensen et al. 2004:54). Climate-related rules and actions will reflect the general cultural traits and specific organisational experiences relating to environmental concerns. On this basis, we expect that *companies will choose instruments that fit the company culture; and the better the fit, the more profound the outcome and impact will be.*

In defining the environment within which Hydro and Shell operate we will apply the concept of 'organisational fields', drawing on DiMaggio and Powell (1991) and Hoffmann (2001). An *organisational field* encompasses those organisations that, in the aggregate, constitute a recognised area of institutional life (DiMaggio & Powell (1991: 64). Both private and public organisations are included, and the organisations of a field are socially or functionally interconnected. Organisations may be connected through market arrangements, be linked in legal agreements, work together towards common normative aims or share worldviews. This report focuses on the global field of petroleum production, the global field of CSR, and the companies' country of origin. Relations between the organisations will be maintained through participation in various market constellations, overarching organisations and forums. The national-level field is of course special, due to the central position of the government.

While the cultural perspective focuses on the unity of the company-specific culture, we now turn our focus towards the cultural expectations within the field. Each of the three fields may embody legitimating concepts that may be at odds with each other (DiMaggio & Powell 1983, Hoffman 2001:167). While some fields will exert pressure towards merely superficial isomorphism, in terms of similarity in instrument adherence, others may actually shape the companies' specific practices. Complex fields marked by uncertainty are liable to exert pressure towards output similarity. Organisational fields which are strongly institutionalised, horizontally and vertically, will also shape company outputs and impacts (Colyvas & Powell 2006, DiMaggio & Powell 1991).

The corporations will be embedded in the business culture and traditions of their home country (Skjærseth & Skodvin 2001). Accordingly, they can be expected to follow their countries' traditional management approaches and ways of coping with climate change. In addition, the actions of governmental and non-governmental organisations, the national climate policy and the CSR activities of the country will create expectations concerning choice of CSR instruments and how these are to be transformed into rules and practices. On this basis, we expect that *the output, outcome and impact will be in line with expectations in the company's country/ies of origin.*

The global organisational field of petroleum production represents the companies' business sector environment. It encompasses various corporations and countries engaged in petroleum production (Levy & Kolk 2002). Participants may work together on specific projects and joint ventures but will also meet in global petroleum production-related arenas. Expectations may emerge concerning salient CSR instruments and how these are to be transformed into rules and practices. Thus we expect that *the output, outcome and impact will be in line with the expectations in the global field of petroleum.*

The global organisational field of CSR consists of a broad range of organisations including multinational companies, consultants, various NGOs (environmental as well as business-related) and intergovernmental organisations. Although these may not be interlinked with the same stability as the organisations within the former fields, they will be connected through various collaborative arrangements and conferences. Thus common expectations will emerge with regard to the use of CSR instruments. This leads us to expect that *output, outcome and impact will be in line with the expectations in the global field of CSR.*

3 Impact of CSR Instruments

3.1 Output

Both Shell and Hydro adhere to the Global Compact (GC), the Global Reporting Initiative (GRI), the Carbon Disclosure Project (CDP) and the Global Gas Flaring Reduction Public Private Partnership (GGFR). In the following, we briefly discuss the nature of these instruments, to shed light on what the companies accepted in deciding to adhere to these instruments.

The UN Secretary General launched the Global Compact (GC) in 1999. The GC is a list of principles out of which three are environmental: that business should support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmental friendly technologies (Global Compact 2006). Adherence to the Compact implies integrating these principles in internal practices (Ruggie 2002: 31). Participation requires a letter of commitment from the company's Chief Executive Officer (Ruggie 2002: 22). Participants in the Compact may take part in various learning forums at local or global levels (Sahlin-Anderson 2006). Except for soft guidance given through such participation, and a range of handbooks, the secretariat has not established any follow-up mechanisms. Both Hydro and Shell joined the Global Compact in 2000.

The GRI issues guidelines for sustainability reporting in collaboration with the UN Environmental Programme (GRI 2006). The first guidelines were issued in 2000, replaced by a new version in 2002. The GRI aims to improve the companies' assessments of how they affect society and ultimately influence their behaviour (GRI 2002: 4, 9). The GRI encourages disclosure of CO₂ emissions stemming from production and emissions caused by the use of products, climate-related targets and timetables (GRI 2002). The GRI guidelines recommend benchmarking against a range of verified indicators. In their reports, adhering companies present a table clarifying how they relate to the GRI standard, but they may allow exemptions from the GRI recommendations. Soft guidance on how to report is the only follow-up mechanism. Shell embarked on alignment to the GRI as a pilot test company in 2001 while Hydro started to align to it in the following year (Hydro 2002, Shell 2002: 48).

The Carbon Disclosure Project (CDP) was initiated in 2002 by various environmental stakeholders and major global investors. The aim is to ensure that major multinationals respond to climate change (CDP 2006b). Although the specific focus of the CDP has evolved somewhat over time, its core elements are in line with GRI requirements (CDP 2006c). As a follow-up, the CDP discloses annual rankings of how the various responders perform. The aim is to encourage the companies to compete with each other in climate performance. Shell started to report to the CDP in 2002 and Hydro in 2003.

The Global Gas Flaring Reduction Public–Private Partnership (GGFR) was launched at the UN World Summit for Sustainable Development in 2002. Its aim is to reduce greenhouse gas emissions from flaring and venting at petroleum installations. The World Bank and Norway were initiators (Kaldany 2006). At present, the initiative includes a range of oil states, ten major oil companies and OPEC (World Bank 2004b). The GGFR does not provide any specific rules on how to cope with flaring and venting, but rather promotes learning. In 2004, the GGFR launched a voluntary standard for reducing gas flaring and venting (World Bank 2004a). The GGFR has set forth the goal of 'No continuous flaring and venting of associated gas, unless there are no feasible alternatives'. The standard focuses specifically on how to improve the market for gas – for example, by establishing required infrastructure, and aiming to make it

profitable for companies to sell gas. The GGFR provides soft guidance, in the form of arranging conferences, publishing reports and assessment tools. Shell engaged in the GGFR in 2002 while Hydro joined in 2003.

Summing up, GC and GRI have a broad focus, targeting a whole range of societal problems confronting industry, whereas the CDP targets climate issues in general, and the GGFR focuses on one specific climate-related issue. Concerning specificity, the GC has an ambiguous and loose character, while the GRI and CDP give rather specific recommendations. Like the Compact, the GGFR focuses on promoting learning processes, but sets no specific demands as to company-specific rules or practices. Concerning follow-up mechanisms, the CDP's ranking aims to promote competition among companies. The three other instruments merely exert soft guidance. The features of the instruments are summed up in Table 1.

Table 1: Output: Features of the Instruments Adhered to by Hydro and Shell

	Scope	Specificity	Follow-up
Global Compact	Multi-issue	Unspecific	Learning forums/material
Global Reporting Initiative	Multi-issue	Indirectly specific	Learning forums/material
Carbon Disclosure Project	One issue	Indirectly specific	Ranking
Global Gas Flaring Reduction	Sub-issue	Unspecific	Learning forums/material

3.2 Outcome

Both Shell and Hydro have participated in GC learning forums, and both make reference to the GC in their annual reports (Hydro 2002, 2006a, Shell 2005a). It was indicated in the interviews that the GC adherence confirmed their companies' good intentions and support to the UN. It does not seem that adherence has produced any internal efforts aiming to transform the principles of the GC into company-specific rules. Our respondents made it clear that those responsible for climate efforts had little knowledge of the Compact, whereas the CSR persons consider it irrelevant with regard to climate concerns. As for the GC, the pattern is the same in the two companies.

When it comes to the GRI, its recommendation on setting targets and timetables gives direct guidance on how to cope with climate issues. Since 1998, the Shell Business Principles have required Shell companies to set targets for environmental improvement (Shell 1998, Shell 2005b). Thus, Shell had targets and timetables concerning overall greenhouse gas emissions, flaring and energy efficiency at the outset. More recently, Shell has started to follow the GRI requirements concerning reporting on

emissions stemming from use of their products. Our interviewees pointed out that Shell's adherence to the GRI confirmed its strategy chosen in the late 1990s. Nonetheless, this approach is strengthened albeit not induced by the GRI as such.

There are substantial discrepancies between Hydro's internal rules and the GRI recommendations. Neither Hydro's business principles nor its climate policy are aligned to the GRI recommendations of developing climate-related targets and timetables (Hydro 2003, 2004). Neither has Hydro followed the recommendation to reporting on indirect emissions. Hydro does, however, report its emissions – a practice started before it began reporting to the GRI. Hence, we may conclude that adherence to the GRI has hardly produced tangible effects on Hydro's company-specific rules.

Both Hydro's and Shell's first reports to the CDP were brief, but their most recent responses have been far more detailed (CDP 2006a, 2006b). The patterns of company responses are the same as for the GRI: Shell acted much in line with the requirements at outset and has continued to align itself, while Hydro has refrained from doing so.

Both companies have participated actively in the GGFR collaboration. The initiative was not well known among corporate-level respondents but was appreciated by the practitioners interviewed. The latter stressed that the initiative has spurred learning and increased the focus on flaring and venting within the field of global petroleum. Further, they underlined that the initiative has improved collaboration between the companies and the national administration, although success here varies from country to country. Moreover, it seems that the initiative has improved the internal focus on flaring and venting in both Hydro and Shell, although this outcome has greater significance in Shell, which is a major operator of petroleum fields in developing countries. Nonetheless, the GGFR was one of several factors that led Hydro to start publicly reporting on its flaring emissions in 2005, while Shell did so at a previous stage.

Differences and similarities in the companies' climate-related rules relating to the instruments are presented in Table 2.

Table 2: Outcome of Instrument Adherence, Hydro and Shell

	Hydro	Shell	In line with instruments	Output
Targets and timetables	No	Yes	GRI, CDP	Confirms Shell's initial approach
Disclose emissions	Yes	Yes	GRI, CDP, GGFR	Confirms their initial approaches
Disclose indirect emissions	No	Yes	GRI, CDP	Induced by GRI/CDP in Shell

3.3 Impact

Let us now turn to the complex issue of impact. In 2005 Shell emitted some 105 million tons of CO₂ equivalents. The company aims to reduce its climate emissions by 5 percent by the year 2010, in relation to the 1990 levels (Shell 2006). According to our interviewees, this target was not regarded as especially hard to reach at the time it was developed. Nonetheless, they indicate that Shell is now struggling to meet it, mainly because the group has embarked on several new projects that will lead to rising emissions in the future. Several respondents pointed out that these projects were initiated without being assessed in relation to the emissions target. Thus, we may conclude that the target has not hitherto had strong action-guiding effects. Our respondents mentioned that new rules have been introduced requiring the national organisations to inform the climate unit of any projects that will lead to increased emissions. Whether these new rules will make the target action-guiding is still an open question. Moreover, Shell was not able to meet its 2005 target concerning energy efficiency. Despite several major energy efficiency programmes, energy efficiency has improved only slightly since 2000 (Shell 2006b: 9, 33).

Neither is Shell on track to meeting its target of ending flaring by 2008, and the date has been postponed to 2009 (Shell 2006b: 32). According to our respondents, progress has now been made and Shell may reach the target by this later date. Further, they underline that the GGFR has contributed positively. Our informants report that the partnership has facilitated the collaboration with public administrations, in particular in Nigeria, on the infrastructure development required for handling the gas. This has eased the infrastructure development. Moreover, the initiative has contributed somewhat to promoting better internal information flows on flaring and venting.

Shell aims to build at least one large-scale business in alternative energy. However, interview data indicate that this overarching and ambitious aim has not been operationalised internally. Thus it is hard to assess whether it has been fulfilled. Further, several interviewees stated that the fact that Shell now discloses the emissions caused by its products helps to raise the corporate-level focus on developing low-carbon products. Shell has invested \$1 billion in renewable energy over the past five years (Shell 2006b) – but this actually represents only a microscopic portion of the company's annual investments. Nonetheless, Shell has a broad portfolio of new renewable energy activities, encompassing biofuels, hydrogen, wind and solar energy (Shell 2006b:13). Moreover, it has recently embarked on several major CO₂ capture and storage projects (Shell 2005b).

Hydro emitted around 9 million tonnes of CO₂ equivalents in 2005 (Hydro 2006). Emissions from oil and gas activities were slightly reduced in the first years after 2000, but increased from 2003 and onwards (Hydro 2006). Emissions from flaring have been reduced by two per cent from 2003 to 2005 (Hydro 2006). It is unclear whether this stems from yearly fluxes or reduction efforts. None of our interviewees related this to the GGFR. Moreover, Hydro reports on less successful dialogues with national governments on flaring and venting than does Shell, so the outcomes are also less significant than for Shell. Earlier, Hydro aimed at large-scale carbon capture and storage, but it has not reported major efforts in this respect in recent years. Today, Hydro is active within

hydrogen and wind (Hydro 2006), but does not disclose how much it invests in new renewable energy activities.

From our interviews, it does not seem that the minor outcome has resulted in action-guiding rules. Rather, it appears that emissions are simply adjusted to governmental regulations and that the interest in new renewable energy is spurred by the emerging market opportunities. Thus, we may conclude that impacts are rare in Hydro.

3.4 Similar Output has Produced Differing Outcomes and Impacts

The companies are marked by output similarity, as they both adhere to the four instruments. The Global Compact is the sole example of complete de-coupling between instrument adherence and rule-making. Adherence to the GC has resulted in neither outcomes nor impacts in either company. As for the GRI and the CDP, these have brought about only minor effects in Hydro in terms of confirming prior choices taken concerning information disclosure. In general, Hydro has followed the instrument requirements that best fit their initial approach and refrained from all deviating requirements. In Shell, some more effects may be detected. Adherence to the CDP and GRI has strengthened Shell's original climate approaches. Moreover, as a result of adherence, Shell has aligned its reporting practices to the requirements of the CDP and the GRI. The GGFR has led to minor outcome effects in Hydro and medium ones in Shell.

As the outcome effects are meagre in Hydro, it comes as no surprise that we have not been able to detect impacts. But also in Shell, despite the (at least comparatively) substantial level of outcome, we have noted few impact effects. Shell's climate targets have not been in evidence in guiding the company's actions concerning energy efficiency, or flaring and other activities which cause emissions. On the other hand, they seem to have affected the practices somewhat. It is reasonable to assume that emission volumes would have been greater, had it not been for the targets. Concerning the development of new renewable energy, our findings indicate that the fact that Shell has started to report on its indirect emissions has helped to strengthen the company's focus on new renewable energy. It must be noted that the complexity of the causal mechanisms involved here makes the effects less immediately evident. Effects may have occurred, but we have not been able to note them. Moreover, effects may grow stronger in the future.

Table 3: Output, Outcome and Impact: Hydro and Shell

Instruments	Hydro			Shell		
	<i>Output</i>	<i>Outcome</i>	<i>Impact</i>	<i>Output</i>	<i>Outcome</i>	<i>Impact</i>
GC	Adherence	None	None	Adherence	None	None
GRI	Adherence	Weak	None	Adherence	Medium	Weak
CDP	Adherence	Weak	None	Adherence	Medium	Weak
GGFR	Adherence	Weak	None	Adherence	Medium	Medium

4 Assessment

Our examination of the effects of CSR instruments on company practices strongly indicates that, on the whole, the instruments have had only weak effects. Further, the instruments have affected the companies differently. The exception is the Global Compact, which has not produced effects in either Shell or Hydro. In order to detect the importance of the different explanatory factors, the explanatory research question must be specified. In the following we aim to answer three questions: Why is the output of the two companies similar? Why have the instruments produced more substantial outcomes in Shell than in Hydro? And why have the CSR-induced rules produced such low impact in Shell?

4.1 Reluctant Leaders in Hydro and Low Level of Hierarchical Control in Shell

Adopting the lenses of the hierarchical approach, we will assume that the executives in both companies decided to opt for the four instruments. Further, we will expect to find that the leadership of Hydro has hindered the instruments in producing effects, while the executives of Shell may have promoted outcomes, but stood in the way of impacts.

Shell's main aim is long-term value gain (Mirvis 2000, Shell 2006). The company presents its climate targets as being aligned with this overall objective. The decision to join the Global Compact was formally taken by the board and company executives actively engaged in joining the GRI (Veer 1999). According to our informants, the decision to join the CDP and the GFFR was taken at lower hierarchical levels at the corporate headquarters. Nonetheless, these decisions were in line with Shell's business strategy. Thus, we may conclude that Shell executives have actively promoted adherence to all of the four instruments, although they did not exert direct leadership in all cases.

When it comes to explaining outcome, both the interviews and public statements made by Shell executives indicate that the company's CSR motivation is twofold: to enhance Shell's internal rules and to affect the conduct of other companies (see e.g. Veer 1999). While both motivations have characterised how Shell executives have approached the GRI, the CDP and the GFFR, the rationale for adhering to the Compact has been purely outward-looking. Our interviewees indicated that the corporate leaders had not made any efforts to apply the principles of the Compact. On the contrary, they reported, Shell executives have aimed to systematically transform the requirements of the other instruments into company-specific rules. Moreover, by engaging in the making of the instruments, Shell has helped to ensure that many of the instruments' requirements were in line with existing Shell rules when they were adopted. The corporate level has controlled the development of Shell's business principles and climate policies, so its executives have been able to ensure alignment with the requirements of the instruments. Although Shell has developed internal primers with details on how to cope with the various societal issues encompassed by the business principles, such a primer has not been developed for climate issues. Thus the hierarchical guidance is restricted in this respect.

The lack of hierarchically imposed routines on dealing with climate issues seems to be one of the features which prevent the impact from being as substantial as the outcome. In addition, the sheer size of Shell involves tremendous coordination challenges. In 2004, Shell's former two-tier structure, with several boards and two chief executives, was replaced with a single-tier board, one chief executive officer, and one director of the board (Shell 2005a). Since the late 1990s, the main lines of command have gone from the corporate level to the business branch division and subsequently to national organisations (Mirvis 2000:67, Stadler & Hinterhuber 2005: 276). These various organisations are interlinked by a range of complex internal networks. Our respondents pointed out that the business branches have gained in importance in recent years, while the national organisations still have substantial powers. This restricts the executives' possibility to create impacts. Moreover, the hierarchical structures concerning climate concerns are loose. A climate group has been established, at a rather low level in the hierarchy, with substantial room for manoeuvre. In addition, there several loose internal climate networks which ensure information flows, but not hierarchical control. Recently, routines have been introduced requiring the national organisations to report to the climate group on any new business plans that would involve a rise in carbon emissions. This may indirectly improve the corporate leaders' impact control somewhat, but it is too early to assess the effect. In general it seems that the executives have slightly promoted impact, but their restricted engagement in detailed rule-making may help to explain the weak effects. Paradoxically, the instrument which has attracted the least attention among executives, the GFFR, has produced the strongest impact.

Concerning Hydro, the company aims for growth within core activities and the creation of a basis for future long-term production outside Norway (Hydro 2002, Hydro 2006: 14). This goal is not countered by any climate sub-goals. On the one hand, some interviewees spoke of CSR instruments as a mean towards fulfilling Hydro's internationalisation strategy. On the other hand, they referred to the decisions concerning CSR instrument adherence as being of an ad-hoc and unplanned nature. Further, it is clear that the decisions to adhere to the GRI and the CDP were taken at low levels in the hierarchy. The Compact was formally signed by the Board, but our respondents indicated that the consequences had not been explored prior to adoption. The Hydro interviewees highlighted that the rationale for joining the GFFR was that they assumed that this might help to facilitate developing gas infrastructures in Third World countries. Thus, it seems as if instrument adherence was backed by the leadership, but was not strongly hierarchically controlled.

As to outcome explanations, some informants pointed out that instrument adherence as such is sufficient in order to gain a good CSR reputation. Others, however, forcefully argued that a good reputation comes as the result of good performance. Because they deem the environmental performance of Hydro as superior at the outset (due to strict Norway's governmental regulations), they do not see the need to align Hydro's company-specific rules to the CSR instruments. This replicates the findings of Gjølberg (2003). In contrast to the executives of Shell, it does not seem that the Hydro leaders have sought to transform the require-

ments of the CSR instruments into company-specific rules. CDP adherence gave rise to internal discussions as to whether Hydro should set climate targets and timetables (CDP 2006a). Our informants underlined that the company executives finally decided to shelve these plans. Hence, it seems clear that Hydro's executives have hindered the instruments in producing substantial outcomes.

It follows from the weak outcomes that the impact in Hydro has been meagre. Hydro has an internal climate network and a climate unit at a low hierarchical level, but these have not been given any responsibility concerning alignment to the CSR instruments. Although the hierarchical structures of Hydro seem rather strong (Lie 2005), these have not been applied in order to fulfil the requirements of the instruments.

Thus we see that executives in both companies promoted adherence to instruments. Further, variations in the outcomes of the two companies may be traced back to differences in the motivations of their executives. Even though the Shell leaders have been more ambitious when it comes to aligning to the instruments recommendations they have not strongly promoted impact. Moreover, it seems as if the complex structure of Shell hampers hierarchical control in this respect.

4.2 Low Cultural Unity in Shell and Cultural Path Dependency in Hydro

Adopting the lenses of the cultural approach, we may expect Shell to adhere to the instruments because the company has a culture of adhering to externally produced instruments. Further, we expect the Shell culture to lead the company to adapt its rules to the instruments, but in parallel hamper behavioural changes in line with this. With Hydro, this perspective leads us to assume that it was in line with Hydro practice to adapt to the instruments, but that the company culture has worked to prevent these instruments from producing outcome and impact effects.

In the late 1990s, Shell included sustainable development in its Corporate Business Principles, acknowledged climate change as human-induced, gave support to the Kyoto Protocol, introduced a range of climate targets, and increased its renewable energy investments (Fryans 2003:280, Kolk & Levy 2001, Ledgewood 1998:27, Skjærseth & Skodvin 2003: 55, 57). As Shell had developed a CSR approach in line with the GRI, CDP and GFFR at the outset, it was natural to decide to publicly adhere to them. Hence, Shell's traditional approach indeed served to promote instrument adherence.

Moreover, the substantial outcomes relate to the cultural changes experienced by Shell in the last ten years or so. In the final decades of 20th century, the company was accused of being inward-focused and impermeable (Frynas 2003, Howarth 1997, Ledgewood 1998). The harsh criticism levelled against Shell during the 1970s and 1980s hardly affected its conduct. In the mid-1990s Shell experienced financial problems. It was also attacked by Greenpeace for the planned dumping of Brent Spar, and had to tackle controversies in Nigeria (Frynas 2003: 280, Ledgewood 1998: 272). This led the corporate level start a campaign

aimed at enabling the organisation to respond to demands from its environment (Mirvis 2000, Stadler & Hinterhuber 2005:276). Developing a CSR profile was an important element in this. In 2004 it became known that Shell had overstated its reserves by some 30% and had withheld information from the public (Stadler & Hinterhuber 2005: 276–7, Taylor 2006). This scandal pointed up the pitfalls of the former efforts and strengthened corporate-level efforts at following the strategy embarked on in the 1990s. All in all, the corporate-level culture of Shell has acted to promote the production of substantial outcomes from the CSR instruments.

When it comes to explaining impact, it is not only the culture at the corporate level which is of relevance. The Shell group has grown organically from the British ‘Shell’ Transport and Trading Company and the Royal Dutch Petroleum Company since their merger back in 1907 (Howarth 1997), and its many national organisations have developed various distinct and strong cultures (Frynas 2003: 279, 283; Howarth 1997: 370, Levy & Kolk 2001: 506). Interview information confirms that the Shell culture still varies across levels, divisions and countries. To a considerable extent, Shell employees seem to follow informal, locally developed rules, not formal directives. In consequence, formal climate-related rules (like targets) do not strongly constrain the climate-relevant actions actually taken. Further, our informants indicate that the soft guidance exerted by the instruments’ secretariats have primarily affected employees at the corporate level in Shell, and not people throughout the organisations. Thus, we may conclude that the combination of strong vertical institutionalised and weak horizontal institutionalisation has been an obstacle to impact.

Since its creation in 1905, Hydro has become deeply rooted in Norwegian society (Johannesen et al. 2005). It has developed an inward-looking management style marked by consensus and close dialogue with the government (Johannesen et al. 2005, Lie 2005). The company started to respond actively to environmental challenges in the mid-1980s (Lie 2005:274–286). Since then, it has worked closely with the Norwegian Pollution Control Authority. It has no tradition of voluntarily adopting measures in addition to the regulations. Thus, the cultural approach seems to provide little explanatory value as to why Hydro started to adhere to the instruments in the first place.

The steering principles and decision procedures of Hydro have been largely informal, and thorough socialisation processes have ensured cultural unity (Lie 2005). With the new millennium came a major turning point in the company’s history. Governmental ownership was reduced to below 50%, and several takeovers and major replacement within staff occurred (Lie 2005). Nonetheless, our interviewees indicate that much of Hydro’s culture has remained unchanged – at least in the oil and gas divisions. When Hydro in 2004 developed its internal business principles, these mirrored the company’s lack of tradition of voluntarily adopting environmental measures (Hydro 2004). Neither did these reflect any of the CSR commitments Hydro had taken on since the year 2000. On the one hand, Hydro has hardly a tradition of applying targets and timetables; on the other, the means of hierarchical control have been strengthened

over the past decade. Hence, we may conclude that Hydro is strongly institutionalised horizontally, and rather strongly institutionalised vertically. This has hindered the instruments in being transformed into operational descriptions and producing impacts. Further, the follow-up mechanisms of the instruments are far from strong enough to intrude on the strong culture established within Hydro.

We see that the corporate culture of Shell promoted instrument adherence and outcome, but the lack of horizontal institutionalisation has been an obstacle when it comes to impacts. Hydro emerges as somewhat more strongly institutionalised than Shell and the Hydro culture contrasts with the features of the CSR instruments. Thus, this perspective does not help to explain why Hydro started to adhere to the instruments in the first place, but it is useful for understanding the low level of outcome and impact.

4.3 Hydro: Shielded by Its Domestic Field

Turning to the domestic environments of the companies, we will expect that the CSR instruments were known within the origin countries of both companies, leading both companies to adhere to the CSR instruments. Furthermore, we will assume that the varying effects caused by the focus on both climate issues and CSR instruments to have been stronger in the Netherlands and the UK than in Norway.

Both the Netherlands and the UK had developed ambitious climate policies by the late 1990s (Skjærseth & Skodvin 2003, Jordan et al. 2003). Moreover, both governments targeted the carbon emissions of the oil industry. Corporate leaders in the UK have traditionally had a fairly autonomous position. In order to defend this position, they early raised a concern for the social responsibility of business (Byrkjeflot 2002:123). The Netherlands has not been as strongly influenced by this Anglo Saxon approach to corporate management. Nonetheless, the CSR concept has attracted attention in the Netherlands, although not as much as in UK (European Commission 2006). On this basis, it seems as if Shell's two countries of origin have promoted instrument adherence. Moreover, this sheds light on why Shell became a CSR frontrunner. Seen from this angle, it may seem odd that the level of impact within Shell emerges as rather low. This indicates that the domestic field has less explanatory value concerning Shell. In fact, the Shell interviewees made few references to UK and Dutch circumstances.

Turning to the domestic scene of Hydro, we find a somewhat different picture. The Norwegian government forcefully targeted the Norwegian oil sector with climate measures in the early 1990s (Skjærseth and Skodvin 2003:129). Later, the government gave in to Hydro – and other oil companies – and reduced the strength of the climate measures (Boasson 2005, Lie 2005: 348–352). In the aftermath, oil company emissions have hardly been questioned (Boasson 2005). The traditional Norwegian corporate management model is based on close dialogue with groups within the company and the government – not on contact with external stakeholder groups. Although this approach has been challenged by global management trends, it is still prevalent (Byrkjeflot 2002). To

date, CSR has scarcely attracted attention in Norway (Graham 2005). So it seems an exception from this trend that our informants implied that the Norwegian governments had exerted pressure towards adhering to the GGFR.

Hydro interviewees frequently referred to conditions in Norway, and especially to the actions of the government. Moreover, our interviewees pointed out that there was no pressure – neither from the government nor from the Norwegian public – concerning alignment to the rules presented by the CSR instruments. All in all, it seems as if domestic conditions have supported Hydro in its neglect of the instruments' requirements. Although Hydro's adherence to the instruments in the first place seems paradoxical from this perspective, it does help to explain the low level of outcome and impact.

Summing up, the domestic fields of Shell may have promoted its adherence to the instruments, although the general explanatory value seems rather low. Turning to Hydro, this perspective cannot explain why Hydro embarked on the instruments in the first place. Moreover, the Norwegian setting seems to have hampered the instruments in producing effects in Hydro. As Hydro is deeply embedded in Norwegian culture, while Shell has a more generic international character, this approach would appear to have somewhat greater explanatory strength for Hydro than for Shell.

4.4 The Field of Petroleum Hinders CSR Instruments in Producing Effects

If both Shell and Hydro are equally embedded in the global field of petroleum, this approach can hardly contribute to explain the differences between the companies. Rather we may expect this field to have promoted instrument adherence but obstructed output and impacts.

The companies and the oil-producing countries are interlinked by a range of market-based collaboration arrangements. International oil companies of European and US origin are especially strongly interconnected, through membership in the International Association of Oil and Gas and common ventures in European and US waters (OGP 2006). Concerning the companies' engagement in this field, Shell is more strongly connected to other oil companies and oil-producing countries than Hydro. On the other hand, Hydro works in close conjunction with other oil companies through a wide range of partnerships in Norway and elsewhere. Hence, both companies may be regarded as deeply rooted in this field, so the field may be expected to affect both companies similarly. Interviewees from both companies indicated that sub-organisations engaged in exploration and processing, and not only the corporate headquarters, are exposed to expectation from the field.

The functioning and structure of the field is based on rather instable geo-political compromises (Claes 1998). Volatility in oil prices also creates profound uncertainties, not least since economic value creation is the central feature of the field. Financial results seem to be the main legitimating concepts and competition the prevailing logic, but the uncertainty

of the field has led to emergence of a range of additional legitimating strategies. Throughout the 20th century this led the oil companies to mimic each others' strategic priorities and formal organisational arrangements (Hoffmann 2001, Levy & Kolk 2002). Initially, the companies approached climate change somewhat differently but they have been somewhat more aligned over time (Levy & Kolk 2002).

On the one hand, the interviews indicate that environmental responsibility is seen as relevant only to the extent that it is related to financial gains. On the other hand, the profound uncertainties of the field seem to restrict the actors' possibilities for long-term economic assessments. Moreover, respondents from both companies highlighted that oil companies were expected to adhere to the four instruments in question. They also stressed that they did not believe that adherence to CSR instruments will generally enhance their companies' economic gains. However, they did indicate that engagement in the CDP and GGFR may yield future revenues. This may relate to the fact that the follow-up mechanism of the CDP is in line with the prevailing competitive logics of the field. The GGFR deals with petroleum-specific issues, and by engaging major public and private actors it seems to have enhanced the cognitive framing of gas recovery as possible and profitable. Through its ability to alter prevailing perceptions within the field, it has managed to induce more significant effects within the companies than the other instruments in the field.

The upshot is that the petroleum field on the one hand has promoted similarity in output. On the other hand, the high level of uncertainty as to dealing with climate issues is an obstacle to producing deeper effects. The exception is the GGFR, which has succeeded in reducing the uncertainty on how to address flaring and venting. As the companies are affected by the petroleum field at all organisational levels, this perspective seems to provide good explanatory value, not least in the case of Shell, with its low cultural unity.

4.5 Shell: More Profoundly Affected by the Global Field of CSR

The field of CSR can be expected to affect Shell and Hydro similarly if the two are equally embedded in it. Further, we may expect that this field have exerted pressure towards instrument adherence, but hampered the instruments in producing effects.

The confusion over what CSR actually means is extensive, and the complexity of the issues surrounding it is tremendous (Windell 2005). Nonetheless, a global field of business, governmental and non-governmental organisations has emerged. Interconnections are provided by UN-related arenas, specific CSR ventures and global business arenas like the World Business Council for Sustainable Development (cf. Windell 2006).

Some CSR instruments gain a better reputation within the field than others. According to our interviewees, both Shell and Hydro strive to keep pace of such changing fashions, aiming to embrace the 'right' instruments prior to their popularity peak. Moreover, some respondents stated that the company *must* adhere to the salient CSR instruments; this

is not a matter of choice. The instruments seem to gain legitimacy from the kind and number of actors that initiate and adhere to them – and not from their ability to induce performance changes. The GC and the GRI gain legitimacy from their UN affiliation, while the CDP is supported by powerful investors (CDP 2006a, Sahlin-Anderson 2006:6). All three are further strengthened by their affiliation to research communities and NGOs. At the beginning of 2007, there were 3000 organisations adhering to the Global Compact, while some 1000 adhered to the GRI and/or the CDP (CDP 2006e, Global Compact 2006, GRI 2006). Respondents saw participation in the Global Compact as pivotal, whereas the GRI's wide application seems to have made it the most widely appreciated method of reporting. Although the CDP has a specific focus on one issue, it shares basic features with other important instruments within the field. Hence, the expectations in this field may help to explain why countries choose to adhere to the GC, GRI and the CDP. The specificity and the few participants involved make the GGFR a somewhat anomalous feature in the field, and pressure towards GGFR adherence is not particularly strong.

The broad scope of the GC and GRI and their soft guidance follow-up mechanisms are in line with the expectations within this field. Moreover, the great number of issues and their tremendous complexity infuses the field with profound uncertainty. Many of our informants were surprised that we should approach them about CSR instruments and their effect on climate-change measures in particular. As one remarked, 'You have to realise that climate issues have moved out of what is classified as CSR. This is due to its rising importance. All companies treat this issue seriously.' It is the declaration of good intent and not actual performance which counts for a company to be seen as a shining example of a responsible organisation. An example of this is how the CDP secretariat has highlighted both Hydro and Shell as climate leaders, even though Hydro hardly follows CDP recommendations (CDP 2006a). Both the uncertainty and the 'window dressing' character of the field can shed light on why the instruments have not had greater effect on the companies.

Further, our interviews made it clear that it is only the corporate level that is engaged in this field. This contrasts with the petroleum field, which affects all parts of the oil companies' organisations. While Hydro is especially involved in the World Business Council for Sustainable Development, Shell has taken a more proactive role and participates in a far broader range of forums (Ledgewod 1998: 271, Lie 2005, Taylor 2005: 183). This indicates that the boundaries between Shell's corporate level and the field may be more blurred than in the case of Hydro.

Summing up, we see that this field promotes adherence to the GC, the GRI and the CDP, but the uncertainty of the field obstructs stronger effects. Shell's embeddedness has influenced the corporate level to focus more on outcomes than Hydro. Although Hydro has limited freedom in the choice of instruments, it feels far less constrained than Shell.

5 Exposed Giant and Impermeable Junior

We may conclude that similar CSR instruments do not produce the same effects in Hydro as in Shell. The companies are marked by output similarity, as they both adhere to the four instruments. Despite similar output, both outcomes and impacts differ between the companies. In general, the instruments have affected climate-related rules more strongly within Shell. The exception is the Global Compact, which is de-coupled from how the two companies have opted to cope with climate change. Both the GRI and the CDP are de-coupled from Hydro's practices, whereas Shell has aligned its reporting practices to these instruments. The GGFR is the instrument that has affected the two companies the most, with effects somewhat greater in Shell than in Hydro. To a large extent, Hydro has picked those elements of the instruments that fit with its own established practices and omitted the elements that would necessitate changes. Shell has adapted to the instruments over time. The main reason why the outcome has not been stronger in Shell is that the company was acting in line with many of the instruments requirements even prior to adherence. It must be noted that the complexity of the causal mechanisms involved here makes the effects less immediately evident. Effects may have occurred, but we have not been able to note them. Moreover, effects may grow stronger in the future.

When we turn to the question of how to explain the output, outcome and impact, Table 4 shows that the relationships are complex and draw on all of our theoretical approaches.

Table 4: Explanations to Output, Outcome and Impact.

Explanatory approach	Hydro			Shell		
	Output	Outcome	Impact	Output	Outcome	Impact
Hierarchy	Slightly promotes	Hampers	–	Promotes	Promotes	Slightly promotes
Culture	Hampers	Hampers	–	Promotes	Promotes	Hampers
Domestic	Hampers	Hampers	–	Slightly promotes	Slightly promoting	Slightly promotes
Petroleum	Slightly promotes	Hampers	–	Slightly promotes	Hampers	Hampers
CSR	Promotes	Slightly promotes	–	Promotes	Slightly promotes	Hampers

The hierarchical approach has fairly strong explanatory value. The reluctant attitude of the leaders in Hydro and the strong CSR motivation of Shell's executives result in significant differences between the two companies. Hydro executives are able to constrain the outcome and impact from the instruments, but they did not exert the same level of control concerning instrument adherence in the first place. With Shell we note the opposite pattern: its leaders promoted adherence and outcome, but without exerting the same level of impact control. If Shell's rules had not been so much in line with the instruments even prior to adherence, the outcomes in that company would probably have been even greater. On

the other hand, Shell leaders must take some of the blame for the low level of impact, as they decided against developing detailed rules for climate conduct. Moreover, Shell generally lacks hierarchical structures that could ensure strong top-down control. Indeed, it may be questioned whether it is at all possible to control a vast company such as Shell hierarchically. Moreover, stronger hierarchical control would probably have constrained the company's ability to adapt to local conditions and societal demands. This remains a crucial paradox in the Shell executives' striving to make the company more responsible.

The cultural perspective yields interesting insights in the CSR responses of both companies. The Hydro and the Shell cultures differ in terms of both strength and content. While Shell has a tradition of engaging in voluntary initiatives, Hydro has not. Moreover, the strength of the Hydro culture makes the corporation resistant to external pressures. The very diversity of the Shell culture helps to explain why the efforts of its executives have resulted in limited impact. The value of the cultural explanation increases when viewed in conjunction with the domestic field approach. Even though the Hydro culture is quite strong, it clearly bears the marks of the general Norwegian approach to climate measures and to business management. Hydro's boundaries towards its domestic field are permeable. Further, the company is strikingly shielded from the instruments by virtue of its strong position within the Norwegian field. While the Norwegian field serves to limit output, outcome and impact, Shell's UK and Dutch fields slightly promote effects at all levels. Although the domestic fields may have had some effects on Shell's reactions, the explanatory value of this field is far lower for Shell than in the case of Hydro.

Shell emerges as more strongly affected by the two global fields than Hydro, and has not been able to protect its original culture in the way Hydro has. When it comes to the global field of petroleum, Hydro is also affected, although not as profoundly as Shell. The global field of petroleum sheds light on why both companies have chosen to adhere to the instruments – to the GFFR and the CDP in particular. Nonetheless, the uncertainty of the field acts as an obstacle to outcome and impact effects within both companies. The relative success of the GFFR is linked to its ability to reduce this uncertainty. In the case of Hydro, this field amplifies the influence of the domestic field, the company culture and the motivations of its executives. As for Shell, the influence of the petroleum field contradicts the internal factors and expectations in the domestic field. However, as Shell lacks firm boundaries towards this field, it is easily captured by the prevailing field logics.

Lastly, it seems as if the global field of CSR produces only superficial, isomorphic effects. Nonetheless, it is of considerable value in helping to explain why the companies decided to adhere to the instruments in the first place. This is especially true of Hydro, whose adherence contrasts with executive motivations and the company's internal culture. Shell is clearly more vulnerable to the expectations within this field than Hydro. Thus, this field has had effects beyond output for Shell, while the effects are rather superficial in concerning Hydro. Our study indicates that Shell is far more capable of affecting the development of institutional standards

in this field than Hydro. Shell seeks to take advantage of this by trying to make other companies – oil companies in particular – to copy its practices. The downside of this strategy is that it leads to high expectations that Shell will follow the approaches it recommends for others.

This study has explored a highly complex issue. The examination of Shell and Hydro has indicated that oil companies are not affected similarly by the CSR instruments to which they adhere. In the case of Shell, the inability of its executives to govern the conduct of the company's various sub-organisations emerges as the most probable explanation of why 'willing Shell' has not been more effective than 'reluctant Hydro'. However, the causal mechanisms are far from straight forward or easy to grasp, nor have all possible explanatory factors been dealt with here. Unfortunately, it has been beyond the scope of this study to examine how, in the case of the various Shell organisations, their approaches to CSR and climate issues are influenced by the countries in which they operate.

Our findings support Sahlin-Anderson's argument (2006:14) that the CSR-trend 'appear to be driven less by the instrumental function of individual models and concepts than by the belief that it is important, fashionable and part of the identity of being a modern organisation to adopt the particular models and concepts'. Nonetheless, the fact that some effects are detected indicates the CSR instruments are not without potential. As the four instruments in scrutiny are quite new there is reason to assume that they have not yet displayed their full potential.

Notes

¹ At the end of 2006 it became known that Hydro will merge with Statoil. At this happened after the end of the period in focus here, it will not be taken into regard.

² Informants are listed in the source list.

³ Follow-up mechanisms may focus on learning, naming and shaming, more formal infringement and so forth. The intensity will vary according to the capacity and priorities of the secretariats.

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