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An Exploration of Motivations, Drivers and Barriers to Carbon Management: The UK FTSE 100

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This paper explores the motivations, drivers and barriers to carbon management, using the companies of the FTSE 100 as the empirical case. After giving an overview of climate change activities undertaken by FTSE 100 companies, the paper attempts to distinguish between motivations and drivers for corporate carbon management. Motivations are regarded as those factors that closely relate to the innate concern of business for profit and comparative advantage while drivers are considered to be the factors that are rooted in wider societal pressures and concern for the environment. Based on the UK study, the paper presents five motivations and five drivers for corporate activity on climate change. Finally, current barriers to corporate activity on climate change are discussed and issues identified that should be explored in greater depth in order to generate a more precise understanding of the carbon management activities of corporate actors.

Introduction

Over the last few years, some interesting research on the climate strategy of corporate actors has begun to emerge (Skjaerseth and Skodvin, 2003; Levy and Newell, 2000, 2005; Hofman, 2001; Kolk and Levy, 2001; Dunn, 2002; Kolk and Pinkse, 2004; Hoffman, 2006). The growth in the academic interest on corporate climate strategy is related to the seeming shift in the position of corporate actors with respect to international action on climate change. This shift is firstly in the form of a movement away from an essentially oppositional stance towards a more co-operative relationship with the actors that are supporting strong action against climate change. Perhaps the most striking evidence of this shift is in the recent proliferation of Business-NGO partnerships for climate action, including those involving historically antagonistic environmental NGOs such as Greenpeace and Friends of the Earth (Cowe, 2004; Drake et al., 2004). The second and related shift is that many companies are no longer merely concentrating on attempts to influence policy debates but are also now pursuing varieties of firm-specific practical actions against climate change within the framework of a corporate climate strategy. Although there have been commitments made by industries in the past (e.g. 1997 Keidanren voluntary action plan in Japan), there is now, arguably, a critical mass of activity with numerous businesses actively engaging in various kinds of programs and measures to address climate change (Levy and Newell, 2000; Kolk and Levy, 2001; Kolk and Pinkse, 2004; Hoffman, 2006).

In the literature, attempts to understand the actual dynamics of corporate emissions reduction programs and the key factors that either drive or inhibit action have been relatively sparse (exceptions are Kolk and Levy, 2001; Kolk and Pinkse, 2004; Hoffman, 2006).

Kolk and Pinkse (2004, 305) recently pointed to this gap when they observe that whilst there has been an immense increase in the range and depth of corporate climate activities in the past decade, existing classifications for climate change strategies remain somewhat rooted in the 'corporate (political) activity' in the early stages of the international climate regime development and are therefore 'not yet able to grasp the new realities properly.'

Some studies have already sought to fill this gap (e.g. Kolk and Pinkse, 2005); this paper aims to contribute by exploring the motivations, drivers and barriers to climate action among the UK FTSE 100 companies based on a range of different desk sources. The expectation is that the exploration should generate insights into the actual dynamics of corporate carbon reduction programmes and in particular lead to a better understanding of the specific factor-policy blend needed to further leverage corporate action against climate change. Moreover, it is expected that such insights would prove helpful in terms of a better appreciation of the critical underlying motive behind the recent apparent shift in the stance of corporate actors on climate change.

The paper first briefly examines some conceptual issues around the notion of corporate climate strategy with some indications of their relevance to the main focus of the paper. Next, an overview is given of the specific activities that UK FTSE 100 companies are taking to tackle climate change. The rest of the paper focuses on the exploration of the different factors that motivate, drive and/or inhibit business climate actions. Finally, the paper indicates some of the critical issues that need to be further explored in the context of understanding the likely actions of corporate actors in the context of a future international climate co-operative arrangement.

Corporate Climate Activities: Strategy or Social Responsibility?

When corporate actors initially started indicating support for and interest in taking climate actions, most of such positions were quickly dismissed as ''cynical public relations greenwash'' (Levy and Newell, 2000, 5; cf. Chatterjee and Finger, 1994; Tokar, 1997; Greer and Bruno, 1996; Leggett, 2000). Even when what appear to be real actions were detected, such moves were still received with great scepticism with many suggesting that they were not borne out of a genuine concern for the environment but rather derive from a desire to either confuse or gain cheap popularity (Chatterjee and Finger, 1994; Leggett, 2000).

More recently, this scepticism appears to have given way to hope and confident expectation as indicated in the new-wave partnerships mentioned in the previous section. In making this transition, the ''win-win'' doctrine has been of major importance. Essentially, the 'win-win' philosophy embodies the assumption, as Drake *et al.* (2004) put it that 'what is good for business is good for the environment'. This means, in other words, that corporate actions for climate change could be styled to respond to the wider concerns for the environment whilst at the same time serving the core interests of business.

But, despite the appeal of the win-win philosophy there is still an underlying tension regarding the degree of compatibility between business interests and environmental concerns (Levy and Newell, 2000; Eisner, 2004). On a conceptual level, this tension manifests in the more or less explicit debates about whether the climate activity of corporations is a matter of strategic business management or an issue of corporate social responsibility (see Hoffman, 2006; Laufer, 2003; Lyon and Maxwell, 2006). Now, it is important to underscore the point that this distinction is not a matter of mere theoretical significance but one that, could have practical implications on the actual climate efforts of corporations and the ways these efforts are analyzed.

Le Menestrel and de Bettignies (2002), for example, have sought to indicate the practical significance of making a distinction. They propose a model that characterizes the climate responses of oil industries in terms of trade-offs between 'socially detrimental processes and self-interested consequences'. Subsequently, they argue that the climate strategies of oil companies can be differentiated on the basis of whether priority is given to the egoistic economic rationality of companies (strategy) or to ethical values and the common good (responsibility). They suggest that oil companies that pursue climate activities on the platform of a genuine sense of responsibility would undertake deeper cuts than the ones whose actions are based on economic rationality (cf. Hove *et al.*, 2002). At the same time, there is also a deducible argument that conceptualising corporate climate actions in terms of responsibility and ethical obligations rather than strategy provides a better plank in the bid to link corporate commitment to emissions reduction with the rights of the people to a quality environment (FOE, 2007). This, of course, has clear implications not only in terms of transparency and accountability (FOE, 2007; Clapp, 2005) but also with respect to litigation, legislations and corporate climate governance structures (cf. Smith, 2003; Ahman, 2006).

On the other hand, however, it can be argued that treating corporate climate responses as part of corporate social responsibility could lead to less deeper cuts than if carbon management programs were integrated into the strategic mainstream of business activities (Hoffman, 2006; cf. Köhler et al., 2006; Maack and Skulason, 2006). There is a case that a transition from the exogenous and peripheral concerns implied in the social responsibility