


Principles of Ecology and Management:

International Challenges for Future Practitioners

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Design and setting by P.K. McBride

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Ecology and International Business

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- MNEs' green strategies
- MNEs' green operations

International dilemmas

- Trade and the environment
- Economic emergence and the environment

Learning objectives

After reading this chapter, you will be able to:

- Identify how the ecological imperative impacts upon international business
- Set MNEs' greening of their strategies and supply chains within an international context.
- Set economic emergence within an environmental context .

■ Introduction

One of the main trends characterising business life in recent decades has been greater internationalisation, encapsulated by a considerable rise in the proportion of total economic activity being conducted on a cross-border basis (Sitkin and Bowen 2010). Given that the sum total of global trade accounts for more than one half of total wealth creation in many of the world's leading economies nowadays, robust analysis of the evolving relationship between Ecology and Management is only possible if the international aspects of this equation are taken into account. This is especially important given the significant variations in national approaches to green business. Whether this involves the environmental aspects of organisational efforts by multinational enterprises' (MNEs) efforts or the more structural problems associated with international business itself, it is only by taking a global view that it becomes possible to apprehend the full scope of the ecological challenge that most companies face at home and abroad.

At one level, there is little question but that different national cultures tend to embody a wide variety of attitudes towards corporate responsibility (CR) in general and the environment in particular. Comparative analysis of countries' varying affinities with the ecological mindset is clearly a relevant field of study (see *Web Resource 8.1*), albeit one that is probably more useful in an anthropological study of environmentalism than in a management textbook. On another level, international business speaks to many of the questions raised in Chapter 4's discussion of green economics and politics. For instance, it is always useful to question to what extent a political regime acknowledges the ecological imperative at a given moment in time, if only because this provides some measure of the constraints and/or opportunities that managers are likely to face when doing business in that country. As an example, it is not unjustified to suggest some connection between the ecological inertia characterising the administration of former US President George W. Bush and the way in which leading US automakers fell behind Toyota in the race to develop environmentally-friendly motor vehicles (see Chapter 1). Conversely, the presence of Green Party representatives in Germany's governing coalition over the same period of time (early 2000s) goes a long way towards explaining the country's success in nurturing a solar panels industry, largely driven by state-subsidised feed-in tariffs system that created incentives for consumers

to migrate towards renewable energy (see Chapter 10). Yet it would be wrong to take too static a view of any country's long-term predisposition towards creating a framework conducive to the expansion of green business. It is also in the USA that many of the breakthrough technologies enabling the clean energy sector's take-off are being achieved. As for Germany, the country's undeniably strong green credentials do not prevent domestic carmakers from continuing to manufacture overpowered vehicles exacerbating the already substantial environmental footprint of its major heavy industry. No nations are unadulterated environmental heroes or villains.

? Are some cultures fundamentally greener than others?

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Key issue

■ Multinational enterprises and the environment

The sheer size of many of today's leading MNEs means that it is worth studying the environmental implications of their actions, irrespective of the framework created by a particular national government. This is especially true in light of the considerable role that mega-firms play in shaping environmental law (Levy and Newell 2004) through their lobbying activities and also because they can and often do threaten to invest elsewhere if local regulations become too stringent and/or costly. Thus, the relative power of MNE executives vis-à-vis a national governments is one factor determining the dynamics of green international business. Other relevant considerations include the profitability demands that shareholders put on a particular MNE (in part a function of national attitudes towards the role of business in society); incentive schemes devised by governments to catalyse companies' green transition; the benefits associated with an environmentally-friendly brand image in different cultures; and/or managers' personal value systems. The sum total of these influences has translated into a patchwork of green performances worldwide, at both a strategic level and in terms of MNEs' physical operations.

Chapter extract

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