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4 **MULTINATIONALS, ENVIRONMENT**
5 **AND GLOBAL COMPETITION**
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4 **RESEARCH IN GLOBAL**
5 **STRATEGIC MANAGEMENT**
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6 **MULTINATIONALS,**
7 **ENVIRONMENT AND**
8 **GLOBAL COMPETITION**
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4 **PREFACE**
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8 What if the Academy actually mattered, was the title of a Presidential address
9 at the annual conference of the Academy of Management in the United States
10 ten years ago. My purpose in putting together this volume is no less ambitious
11 than trying to show that in a very real sense, research on strategic management
12 and business economics matters, at least when it comes to the environment.
13 The studies contained in this volume have been selected because all of them
14 reflect empirical research of a high standard that aims to shed some light on
15 the relationship between multinationals and environmental standards. The first
16 chapter by Lundan presents the general theoretical framework within which all of
17 the research reported in this volume can be placed. While each chapter addresses
18 a specific topic, and can be read independent of the other chapters, the sequence of
19 the chapters aims to highlight the most salient aspects of the relationship between
20 multinationals and the environment in the global economy.

21 We begin with two chapters that deal with the fundamental relationships
22 between multinationality and environmental and financial performance. The
23 chapter by Kennelly and Lewis asks if there is a connection between the degree
24 of multinationality of the firm and its environmental performance. In other words,
25 are more multinational firms on the whole greener or less green than their more
26 domestic counterparts, in this case American firms? The subsequent chapter
27 by Buisse and Verbeke addresses another basic relationship, which is whether
28 firms that are high performing in terms of their environmental performance
29 also do better in terms of their financial performance. In other words, are some
30 firms green because they have excess resources to invest in environmental
31 protection, or do they have excess resources because they have invested in the
32 environment?

33 We then move on to consider what happens when multinationals from
34 environmentally demanding home countries go to developing countries – do
35 they carry their green credentials with them? The chapter by Hansen looks at the
36 greenness of Danish multinationals in developing countries, particularly in India
37 and Poland. The following chapter by Kolk and van Tulder looks more broadly
38 at the issue of how firms from developed home countries display their green
39 credentials. Their chapter focuses on the environmental reporting of European,
40 American and Japanese multinationals, and the differences between firms from

1 more and less environmentally sensitive home countries. Both of these chapters
2 address the extent to which the greenness of the home country is translated into
3 green performance in multinationals.

4 While the two previous chapters could be described as depicting a home
5 country push towards green practices, the following chapter by Lundan describes
6 a case where both home country push in the form of regulation, as well as
7 market pull from abroad brought about significant changes in the pulp and
8 paper industry. Another example of external pull is provided in the subsequent
9 chapter by Christmann and Taylor, who look at ISO 14000 certification and
10 the characteristics of Chinese firms that are planning to apply for this certifi-
11 cation. In this case, the pressure for upgrading practices is very much driven
12 by the market preference for supplier firms that have obtained ISO 14000
13 certification.

14 The final two chapters deal with the issue of climate change, which is not only
15 important in terms of the possible cost implications for multinationals operating in
16 countries that are signatories to the Kyoto protocol, but also because multinationals
17 are due to play a major role in the Kyoto protocol implementation mechanisms by
18 way of technology transfer in exchange for pollution credits. The chapter by Kolk
19 and Levy describes the changing political dynamics of the issue of climate change
20 within the oil industry, which is clearly one of the industries that is likely to be
21 fundamentally transformed by the issue of climate change. The book concludes
22 with the chapter by Brewer, which first looks at the issue of climate change
23 from the perspective of the rules governing the global economy, namely the rules
24 of the World Trade Organization (WTO), and then considers the related issue of
25 tariffs on trade in environmental products and services, and their position under
26 the WTO rules.

27 While it is clear that no single volume can exhaust the issue of multinationals
28 and the environment, this book represents a unique effort in bringing together
29 empirical work that aims to understand how the issues of multinational strategy
30 and environmental standards are intertwined in the global economy. Several of the
31 findings discussed in this volume contradict the predictions based on the pollution
32 haven hypothesis, which saw multinationals as evading responsibility and likely to
33 transfer dirty production. This does not mean that the presence of multinationals
34 is unequivocally good for the recipient countries, but it does suggest, that the
35 presence of multinationals is not unequivocally bad either, and that under the right
36 circumstances, some of the technological and financial resources of multinationals
37 can indeed be employed to advance common objectives. If we do not pursue
38 research that tries to uncover and explain the interconnections within the global
39 economy, and instead are happy to assume that we know how multinationals
40 react to regulation or market pressures, we risk diverting our attention from the

1 dynamics that are genuinely changing the world we live in. In order to make
2 intelligent public policy, we must understand how the relationship between govern-
3 ments, multinationals and non-governmental organizations (NGOs) is evolving,
4 and for that, if not for any other reason, the results presented in this volume
5 do matter.

6
7 Sarianna Lundan
8 *Maastricht*
9 *May 2003*

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