

Corporate Environmental Strategies in Emerging Economies

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**International Energy Agency (IEA)
Industry/Business Use of “Complementary Measures”
for Decarbonisation**

1. Emerging Economies

- Developing
 - » Physical, human resources
 - » Institutions
- Transition
 - » from reliance on govt allocation
 - » to market-based allocation
- China: special case
 - » Mix of developing, transition, developed

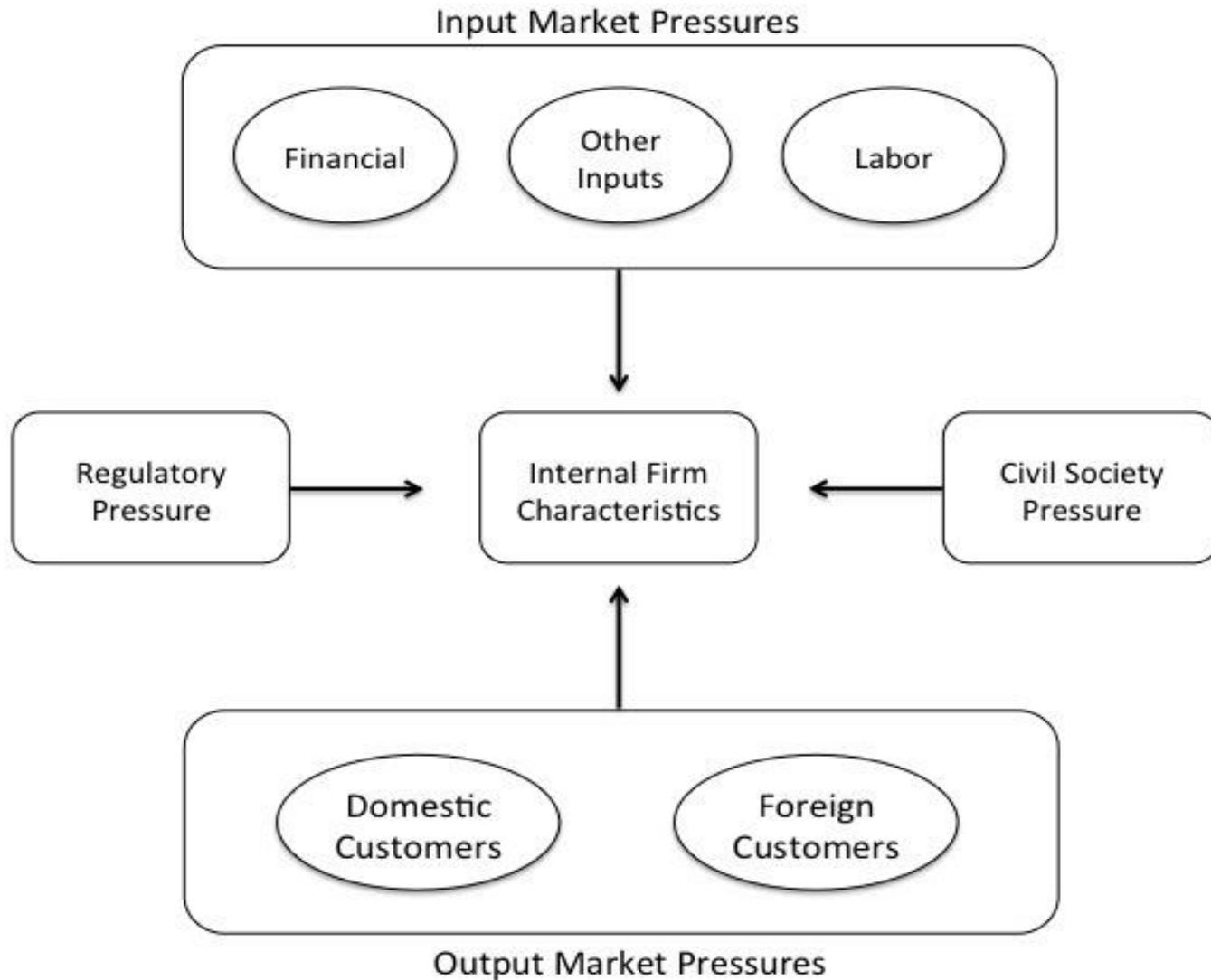
2. Insight from Research

- Better understanding
 - » Environmental management in general
 - » Conventional pollutants
- Meaningful transfer to “decarbonisation”
 - » Clean energy
 - » Energy efficiency

3. Firm Environmental Behavior

- Measures
 - » Clean technology adoption
 - » Environmental management system
 - » ISO 14001 certification
 - » Audit, pollution prevention program
 - » Environment department establish
 - » Environmental plan adoption
 - » Environmental training

3. Firm Environmental Behavior



4. Developing Economies

- Challenge
 - » Undeveloped institutions
- Opportunity
 - » More room to establish sustainable development path

4. Developing Economies

- Empirical Evidence of Drivers
 - » Foreign ownership: influential
 - » Foreign customer pressure: influential
 - » Government: weak
 - » Civil society: weak
 - » Information disclosure: promise for future

4. Developing Economies

- Empirical Evidence of Drivers
 - » Locally owned firms with products domestically consumed or exported to less “green” countries
 - Market pressure: weak
 - Law enforcement capacity: limited
 - Environmental pressure groups: weak

4. Developing Economies

- Empirical Evidence of Drivers (cont)
 - » Locally owned firms supplying customers in developed economies
 - Market pressure: influential
 - » Multinational corporations
 - ISO certification: more likely
 - Require suppliers too: more likely

5. Transition: Central and East Europe



Soviet-style Economies: Central and East Europe



5. Transition

- Extensive transformation
- Fast transformation
 - 1989 to 2004 (1st EU)
 - 1989 to 2007 (2nd EU)

EUROPE

EUROPEAN UNION

- EU Member States
- EU New Members 2004
- EU New Members 2007
- EU Candidates
- EFTA Member States

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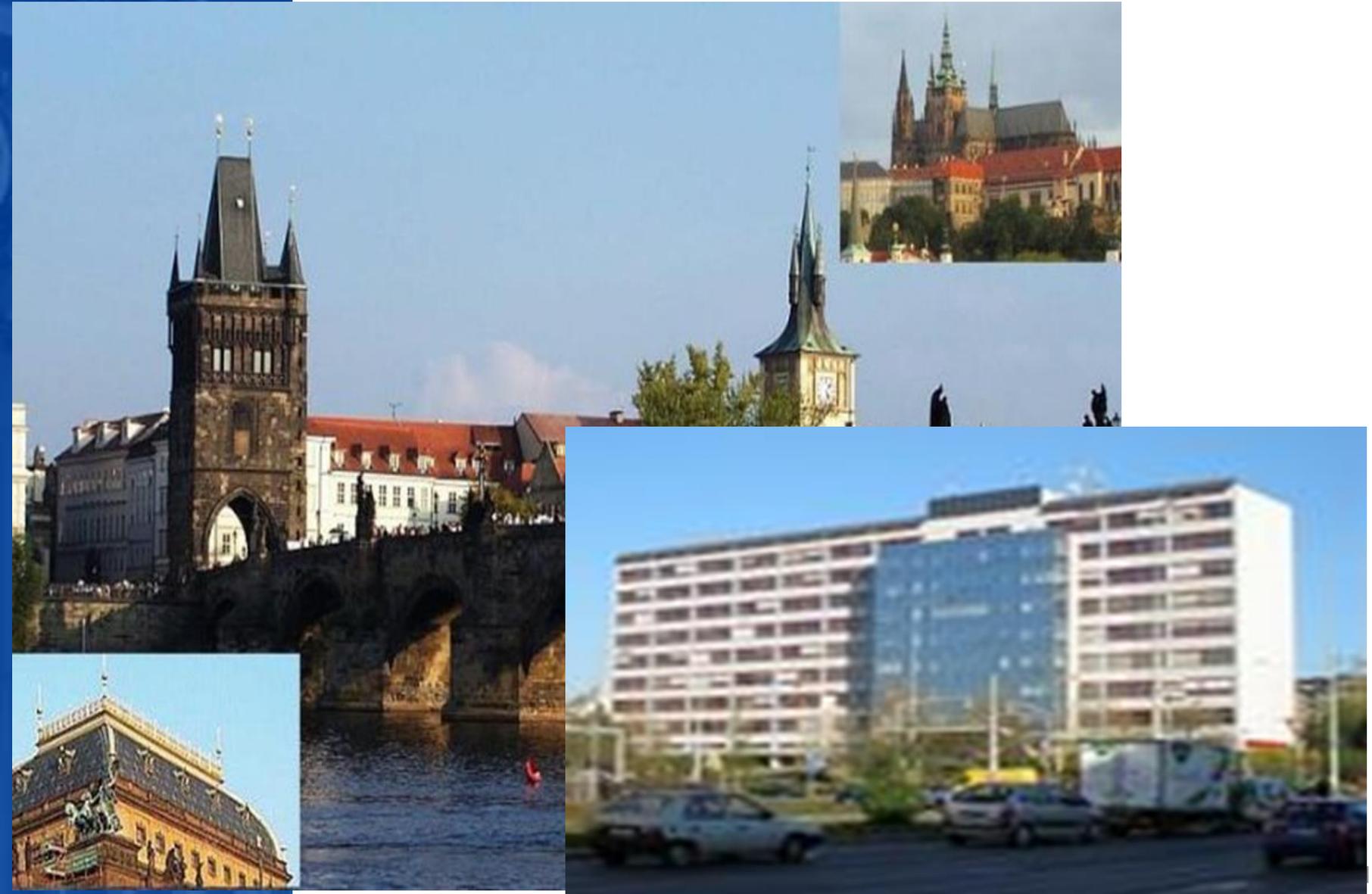
6. Transition Forces

- Price liberalization
- Privatization
- Budget constraint
- Enterprise restructuring
- Trade development
- Foreign investment / ownership
- Capital markets growth

6. Transition Forces

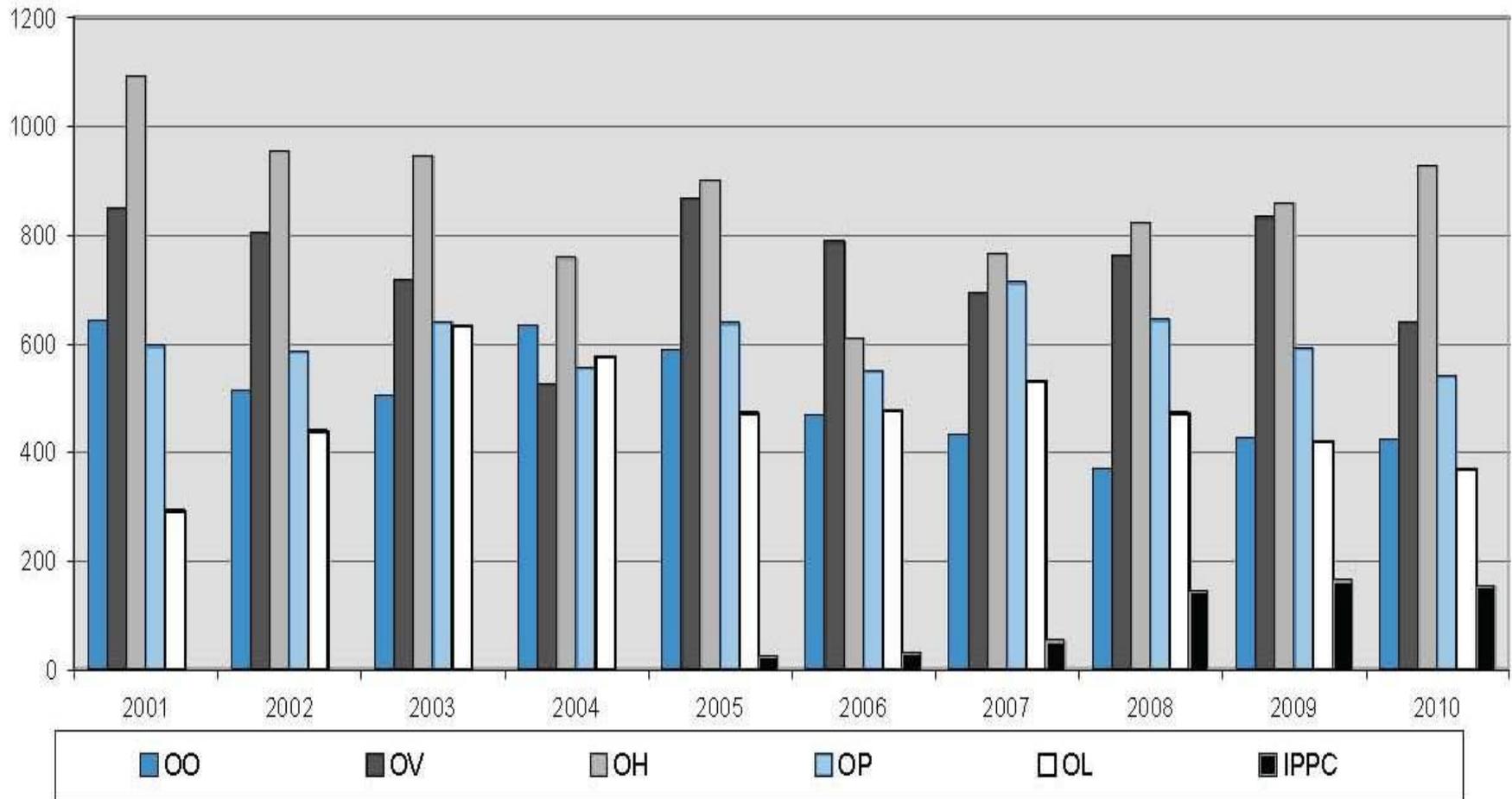
- Environmental Regulator
 - » Protection laws strengthening
 - » Capacity development
 - » Relationship: more adversarial

Czech Ministry of Environment



Czech Enforcement: 2001-2010

Development of the number of penal and remedial measures according to departments



6. Transition Forces

- Civil society growth
 - » free speech
 - » independent press
 - » environmental NGOs
 - » access to environmental info

ANNUAL REPORT 2010 Czech Environmental Inspectorate

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7. Transition Firm Behavior

- Drivers of better behavior
 - » Internal:
 - Need to reduce energy use: some practices
 - Private (vs state) owner: mixed
 - Foreign (vs domestic) owner: some practices
 - Export orientation: some practices
 - Foreign market pressure: some practices
 - Management-related internal pressure

7. Transition Firm Behavior

- Drivers of better behavior (cont)
 - » External: Regulatory
 - Permits: some practices
 - Self-reporting of emissions
 - Enforcement, inspections
 - Emissions charges
 - » External: Other
 - Community pressure: some practices
 - Public disclosure in media

7. Transition Firm Behavior

- Irrelevant factors:
 - » Investor pressure
 - » Customer pressure
- Comparison to Developing Economies
 - » Weaker roles
 - foreign ownership
 - foreign customer pressure
 - » Stronger role for govt policies

8. China

- Drivers of environmental behavior
 - » Emission charges
 - » Foreign ownership: moderate evidence
 - » Export orientation to Japan/EU
 - » Consumer pressure:
 - Foreign: more important
 - Domestic: less important