



Contents lists available at ScienceDirect

Journal of Cleaner Production

journal homepage: www.elsevier.com/locate/jclepro

Editorial

MNEs and climate change: Implications for future research

A B S T R A C T

Keywords:

MNEs
Climate change
Strategy
Drivers
Barriers

The goals of this opening paper of the Special Issue are threefold: First, it offers a brief review of the relevant extant literature on the drivers and barriers affecting climate change and the impacts of the organizational changes of MNEs required to face challenges posed by climate change. Then, it provides a comprehensive outline of the papers included in this Special Issue. The papers included in this Special Issue develop a range of topics, such as the contextual factors that influence the design of MNEs' strategies and practices related to climate change, interconnected and critical barriers to MNEs' green business models, the indirect effects of climate change impacts on MNEs, a multilevel framework for assessing strategic organizational responses to climate change, sustainable innovation practices developed by MNEs, and determinants and long-term performance outcomes of corporate carbon strategies, to mention a few. Finally, it proposes some potential avenues for future research.

© 2017 Published by Elsevier Ltd.

1. Introduction

Given the necessity to move towards more sustainable societies, the main political, economic and societal actors are seeking innovative solutions to face the challenges associated with global climate change. Global warming is considered very critical, and there is an emergent need for international responses (Pinkse and Kolk, 2012). An ever-increasing number of countries, regions, industries, ecosystems and social groups are simultaneously confronted by the impacts of climate change in the economy and society as a whole (O'Brien and Leichenko, 2000). Beyond being a contemporary societal preoccupation, climate change is also an important international business issue strongly related to the behaviour of Multinational Enterprises (MNEs). As these actors can play both positive and/or negative roles in climate change, studying the factors affect their behaviours would help political, economic, social, educational and regulatory institutions make the right strategic decisions.

This Special Issue seeks to identify and test new models, frameworks, and practices of MNEs that can fully contribute to making societies more sustainable and will help accelerate the transition to truly equitable, sustainable, post-fossil carbon societies to reduce, avoid and reverse further climate change. The ten high-quality scientific papers included in this Special Issue seek to theoretically or empirically develop comprehensive and relevant frameworks, appropriate leverage for spurring action and good practices that may help MNEs to manage and reduce the effects of climate change on the economy and businesses. We hope this Special Issue will contribute to understanding some of the complex dynamics existing between the MNEs' strategies and practices on the one

side and climate change on the other side by answering questions as to why and how climate change issues must increasingly be integrated into MNEs' strategies and practices. Hopefully, this Special Issue will expand, deepen and integrate new and valid knowledge for scholars, practitioners, consultants and business leaders with an interest in the advancement of innovation for sustainability in both mature and emerging markets and societies.

The following is first an outline of the main features of the extant literature on the contextual and organizational drivers of and barriers to MNEs' responses to climate change issues. Then, we provide an overview of the various articles in this Special Issue, and finally, we suggest some implications for further research.

2. A brief review of the extant literature

Chakrabarty and Wang (2013) highlighted that MNEs must adapt their strategies to changes in the external business environment to perform environmentally, economically and socially. This is because, on the one hand, their globalized activities across the world will have an important impact on the climate or on society (Pinkse and Kolk, 2012). MNEs can accelerate or slow sustainable development process both locally and globally by acting as one of the main actors in the international globalized economy (Dunning, 2009; McIntyre et al., 2009). On the other hand, as stated by Pinkse and Kolk (2008: 1369), "[...] the consequences of climate change will have a significant impact on the firm globally, which is therefore dealt with at the highest management level."

In such a context, MNEs are paying or at least should be paying substantial attention to the recent evolution of the institutional environment related to climate change that may affect their future

corporate and business strategies (Stern, 2007). As Schotter and Goodsite (2013: 629) note, “corporations should now focus on how to maximize competitiveness based on the actual and predicted climate change effects.” MNEs have adopted different strategies as the present implications of climate change are becoming critical and risky in many areas. For example, Coca-Cola redirected its strategy to reach water consumption neutrality by 2020 (Kent and Ignatius, 2011); Tesla Motors rests its entire strategy on the idea of sustainable sources of energy (The Guardian, 2015); IKEA ties its business strategy to the achievement of key environmental performance indicators (Barner, 2007), to mention only a few. Some MNEs have already included novel defensive, reactive or proactive strategic behaviours in response to political and institutional risks affecting their business competitiveness and performance. However, as Schotter and Goodsite (2013: 630) argue “[f]or most corporations the unpredictability of both the effects of actual climate change and also the effects of the ongoing debate on their ability to do business means high levels of uncertainty”, which limits executives’ abilities to take active measures in this direction.

For some MNEs, new business opportunities have emerged, allowing them to become more competitive by entering new markets and developing new products and services (Stern, 2007; Pinkse and Kolk, 2012), by creating new partnerships (Ivanaj et al., 2013) and by fostering sustainable innovation (Future Earth, 2013). On the whole, the fast pace of cultural, legal and normative institutional changes triggered by climate change challenges is an important factor that can either facilitate or prevent the implementation of multinational business strategies. Meanwhile, this fast pace is enabling and forcing MNEs to consider their levels of embeddedness in multiple institutional settings (Pinkse and Kolk, 2012) and to develop dramatically new types of strategies to address climate change issues, which are substantially different from the current, short-term focused business practices (O’Brien and Leichenko, 2000; Levy and Kolk, 2002; Schotter and Goodsite, 2013).

Currently, the study of MNEs’ strategic behaviours related to climate change and the role they play in fostering or preventing sustainable development represents a prominent field in academic research (Ivanaj et al., 2013; Schotter and Goodsite, 2013). A number of scholars (Pinkse and Kolk, 2007, 2012, 2008; Patchell and Hayter, 2013; Chakrabarty and Wang, 2013; Hester, 2013; Eberlein and Matten, 2009) have attempted to answer the question of how MNEs are or will be impacted by the main requirements and regulations related to climate change. The Cleaner Production Journal has already published many papers on how large companies address some of the issues of climate change, such as the impact of climate governance on the role and practice of CSR (Leventon et al., 2015), important criteria for carbon management in green supply chains (Hsu et al., 2013), contributions by the public and non-governmental organizations (NGOs) to the promotion of clean production (Thorpe, 1994), enablers for Sustainable Supply Chain Management (Diabat et al., 2014) and how biofuels have been envisioned in the aftermath of the oil shocks (Raman and Mohr, 2014), to mention only a few.

However, few researchers (Shrivastava et al., 2013; Klein, 2004) have provided integrative and transdisciplinary approaches to help understand how MNEs are positively or negatively impacted by such big contextual changes in their businesses, both at local and global levels. Although there are many studies coming from different academic backgrounds, especially from the political, natural or management sciences, they have generally failed to complement each other or to build bridges between and throughout the disciplines. As such, opportunities for cross-fertilization are being missed (Schotter and Goodsite, 2013).

3. Perspectives on MNEs’ strategic dynamics to mitigate climate change: special issue overview

This Special Issue includes 10 papers. Most of them have adopted an empirical validation approach to investigate the influence of climate change issues on MNEs’ dynamic strategies. A number of important topics are developed in this Special Issue, including the contextual factors that influence the design of MNEs’ strategies and practices related to climate change, barriers to MNEs’ green business models, external and internal determinants and the long-term effectiveness of MNEs’ strategic responses to climate change, how MNEs respond to climate change challenges, the best environmentally sustainable innovation practices developed by MNEs, the need to consider the environmental, economic and social dimensions of any investment project of MNEs’, the role of alliances between large MNEs and small entrepreneurial companies, and the role of institutional and stakeholder pressure on MNEs’ emission reduction activities. In the next section, we quickly review some of the highlights of the papers in this special issue.

3.1. The drivers of multinational enterprises’ climate change strategies: a quantitative study on climate-related risks and opportunities

In their paper “The drivers of Multinational Enterprises’ climate change strategies: a quantitative study on climate-related risks and opportunities”, Gasbarro, Iraldo and Daddi investigate the contextual factors that influence the design of MNEs’ strategies and practices related to climate change and encompass institutional contexts such as regulatory changes, physical changes, product and technology innovation, operational efficiency, reputation, financial impacts and changes in consumer needs. They believe that these factors, expressed in terms of climate-related risks and opportunities, may represent drivers for adapting to climate change. They also investigate the contextual drivers of MNEs’ responses to climate change in terms of climate-related risks and opportunities. On the one hand, they examine the climate-related risks and opportunities identified by previous studies in depth with a quantitative analysis; on the other hand, they clarify and re-define climate risks/opportunities as a combination of impacts associated with climate-related physical changes, climate-related regulatory changes and climate-related market and reputation changes. In fact, these are the prevailing factors emerging from cluster and correspondence analyses carried out on the data collected by the Carbon Disclosure Project’s 2015 questionnaire. In particular, in the case of risk perception, the climate-related physical risk is represented by the climate-related physical changes and the expected impacts in terms of business continuity; for example, climate change-related weather extremes could damage the plant, suppliers, infrastructure, assets, workers or retailers, thus endangering the continuity of the business. The climate-related market and reputation risk is represented by the market and reputation changes and their expected impacts in terms of the reduced demand for goods/services, reduced stock price (market valuation) and capital availability. For example, an increase in the demand for climate-friendly products and services could lead to a decreasing demand for the product and services with a high carbon footprint. Finally, the climate-related regulatory risk is represented by the regulatory changes and the expected increased operational costs; for example, regulating the emissions of products or processes (e.g., a carbon tax) could result in increased costs due to the need to invest in operational improvements or paying a fee for non-compliance. In the case of opportunity perception, the last two associations have opposite signs in terms of their impacts. In addition, market and regulatory changes are associated with the

Download English Version:

<https://daneshyari.com/en/article/5479527>

Download Persian Version:

<https://daneshyari.com/article/5479527>

[Daneshyari.com](https://daneshyari.com)