

## Book review

Dara O'Rourke, *Community-Driven Regulation: Balancing Development and the Environment in Vietnam*, London: MIT Press, 2003, 299 pp.

Promoting environmental protection by corporations operating in developing countries is a very difficult task that has seldom been addressed in the social sciences literature. Most research efforts have been directed at understanding how governments in poor countries can protect biodiversity-rich natural areas that are highly valued by scientists and environmentalists from industrialized nations. Yet, little is known about how to effectively regulate factory effluents in the weak regulatory context of developing countries where the search for economic growth is paramount. In *Community-Driven Regulation: Balancing Development and the Environment in Vietnam*, Dara O'Rourke, an assistant professor at the University of California-Berkeley, makes a significant contribution to this critical environmental policy question by stressing the key role played by local communities in promoting environmental protection. This focus on communities offers an excellent complement to the traditional emphasis in the environmental policy literature on economic incentives and government action.

The book develops its main arguments, models, and conclusions from an in-depth comparative analysis of six Vietnamese factories that confronted public environmental demands. The case selection, from an original group of "over 120" factories, was not random. Rather, after surveying 30 facilities, the author chose six cases that maximized differences in the type of factory and local community and the characteristics of state agencies. Each case focuses on understanding the interaction of four sets of actors considered critical for the regulation of industrial pollution. They include: (1) community members affected by the factory effluents, (2) officials within state agencies responsible for regulating and promoting industrial activities, (3) extra-local stakeholders such as the media, NGOs, and consumers, and (4) factory managers.

In each case, the author examined factory facilities and studied their environmental records. Then, interviews were conducted with different representatives of the groups enumerated above. We consider this level of detail in the analysis of each case to be one of the greatest strengths of the book. Given our experience studying corporate environmental behavior in developing countries, we are well aware of the extreme difficulties faced by researchers trying to collect industrial environmental performance information in this context. In developing nations, access to sensitive government documents, such as records of industrial pollution, is very rare. Even if official documents are made available, the quantity and quality of information that they provide are often very poor and dated. Moreover, researchers seldom obtain access to industrial facilities, and factory managers are hardly ever willing to provide information about the type and level of pollution effluents.

On the other hand, these difficulties and the level of detailed data obtained by O'Rourke also highlight an important, and in the context of Vietnam probably

unavoidable, limitation of the study: the uncertainty about social desirability bias introduced by the multiple permits and escorts required to conduct some of the case interviews.<sup>1</sup> As the book describes one difficult situation:

“When we finally arrived at the first community member’s home, my entourage included five government officials (including one in uniform). Within minutes of sitting down, twenty or so curious neighbors had gathered in the room, spilling out through the door and windows. And now, . . . I was to interview a local family on the sensitive issues of the factory’s pollution, community complaints, and the government responses.” (p. 53).

The array of interviews undertaken with different actors may have helped to reduce interviewees’ social desirability bias, yet the book does not explicitly address this issue.

In Chapter 2, the author gives an excellent description of the unique contextual characteristics of Vietnam, a communist country that has experienced an impressive economic boom based on export-oriented production mostly financed by foreign private investors. This boom has been accompanied by rapid urbanization and a significant decline in the fraction of the population living in poverty, to about 15%. During this period the government has only paid lip service to environmental protection, creating weak environmental agencies and enacting a symbolic command-and-control regulatory framework. The new government agencies seldom enforce environmental regulations and are characterized by lack of resources, staff, and political influence. Not surprisingly, more than 90% of the factories in the country lack effluent treatment facilities, leading to acute pollution of water, air, and land.

In the next part of the book, Chapters 3 to 6, O’Rourke develops a comparative analysis of the different cases selected, identifying specific critical factors that contribute to successful regulation of factory pollution even in the highly unfavorable conditions prevalent in Vietnam. These chapters are the core of the book and it is here where what initially appears to be an overly optimistic research design is moderated by rigorous analysis that leads to very insightful lessons about the role of local communities in environmental policy making. The reader will not find here general statements, such as those in recent World Bank literature (2000), that attribute a key environmental protection role to local communities without explaining how, under what circumstances, and at what (transaction) costs this role takes place. In contrast, O’Rourke does an excellent job of underscoring the essential, albeit often insufficient, role local communities and other stakeholders can play in triggering the regulation of industrial pollution in Vietnam. His research shows that it is possible to break a cycle of degrading development, yet “this does not happen very often, and is only successful under specific circumstances” (p. 22). The author stresses that the probability that a local community will successfully drive the regulation of the most visible industrial pollutants depends on its technical and legal capacity, internal cohesiveness, strong leadership, connections with extra-local actors (e.g. high level government officials, the media, and environmentalists) and its ability to sustain pressure for the long term. Divided communities, weak organization, lack of leverage with extra-local decision makers,

and inability to sustain demands over the years usually leads to failed community action.

O'Rourke's analysis also sheds light on a blind-spot in the environmental policy literature that focuses on the use of market and economic incentives. He stresses the importance of the pre-existence of a command-and-control regulatory framework for the success of community-driven environmental protection. As is typical in other developing countries, most of the Vietnamese framework consists of command-and-control regulations rarely enforced by the weak and often corrupt national environmental agencies. Yet, the mere existence of this symbolic legal framework provides legitimacy and official channels for community demands for environmental protection.

Chapter 6 of the book analyzes a different regulatory dynamic, exemplified by the case of the Tae Kwang Vinae factory, which produces Nike shoes sold in the United States, Europe and Japan. The conventional wisdom is that foreign subsidiaries operating in developing countries show higher environmental performance than firms serving the local market. Yet, empirical evidence from manufacturing facilities in Latin America, South and Southeast Asia, and Korea indicates that there is no statistically significant association between foreign subsidiaries and superior environmental performance (Rivera, 2004). Hence, multinational subsidiaries cannot be expected to voluntarily demonstrate superior environmental management. Their behavior depends in part on the stakeholder pressures they face to adopt proactive environmental protection.

O'Rourke's analysis of the Tae Kwang Vinae company, owned by Korean and Taiwanese subcontractors, identifies some of these critical pressures that can compel multinational subsidiaries to improve their environmental management practices. As is typical in developing nations, the Tae Kwang Vinae factory imposed poor working conditions, excessive working hours, bad air quality caused by toxic solvents and glue, and air pollution created by inappropriate methods of burning scrap rubber. Yet, contrary to other cases analyzed in the book, the Tae Kwang Vinae factory avoided local community demands to improve its labor conditions and environmental performance. It was located in an industrial zone and had no nearby residential neighbors. Additionally, most of its workers were new rural immigrants that lacked strong cohesiveness.

However, external pressures from American, European and Asian NGOs forced changes in the company's practices. These international NGOs generated information about the Tae Kwang Vinae plant's problems, publicizing them as Nike's problems, getting the foreign media to embrace the cause, reaching workers in developed countries through their unions, and appealing to consumers' consciences while asking them to boycott Nike's products. The extra-local pressures also provided room for state agencies to more effectively regulate a multinational corporation. These pressures also helped to build capacity and political linkages for local workers and community members. O'Rourke describes such alliances of groups of various types as "transnational advocacy networks."

Overall, this book is an interesting and enlightening read. It depicts a realistic dynamic of the muddled and complex process involved in promoting corporate environmental protection in developing countries. O'Rourke describes in great detail firms

with multiple values and goals that, besides being focused on profit maximization, are also political and social actors responding to the demands of civil society for environmental protection. He also portrays struggling communities that overcome tremendous challenges to push reluctant governments and firms to control the most evident forms of pollution.

In his analysis of this complex dynamic, the author is inspired by social movement theoreticians. Like Tarrow (1994), he argues that successful social movement organizations draw upon external resources – opportunities, conventions, understandings and social networks – to coordinate and sustain collective action against powerful opponents. Like Zald (1996), O'Rourke notes that to be successful, these organizations must also strategically “frame” issues in order to provide motivations and justification for action. The empirical descriptions presented in the book also contribute to the literature on governance. We see communality between O'Rourke's description of the role of the community and extra-local actors in the regulatory process and Cashore's (2002) thesis about the role of civil society in a new regime of transnational governance. According to Cashore (2002), the “race to the bottom” associated with globalization could be halted by the emergence of a system of “transnational governance” established by civil society.

Our main reservation about O'Rourke's book is that we were left wanting more information about his methodology, particularly given the problems of access to and reliability of documents and interviewees discussed above. For example, what types and proportions of individuals have to be interviewed so as to avoid social desirability bias? Also, we believe that the book's findings and conclusions would have been stronger if the author had provided a more in-depth description of the methods used to elaborate and analyze the cases.

In conclusion, this book is an important and significant contribution to the environmental policy and management literature. It provides rich and seminal empirical evidence of the intricacies involved in the process of corporate environmental regulation in developing countries. It will be of particular interest to scholars of sociology, organizational theory, and business strategy.

## Note

1. By social desirability bias, we mean interviewees' tendency to avoid expressing their own opinion and instead providing answers that they believe may be seen positively by others (Pedhazur and Schmelkin, 1991).

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