

Business and public policy:
Responses to environmental and social protection processes

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Foreword by Prof. Stuart Hart

In this book, Jorge Rivera makes a very important contribution to our emerging knowledge about how private strategies and public policies interact to advance the cause of sustainability. By looking across theories (e.g. institutional theory and policy sciences) and country contexts (developed and developing) he is able to generate important new insights that should help inform future action.

First, he clearly documents and illustrates the “dance” that exists between business and government when it comes to the policy process. Rivera shows that companies both influence and are influenced by the policy process. He posits an inverted U-shaped relationship, with increasing resistance from business as the process moves from initiation to selection, and thereafter, declining resistance that turns into growing cooperation in implementation. Corporate behavior is not the simple result of a one-way flow of isomorphic pressure as the neo-institutionalists might have us believe.

Even more importantly, Professor Rivera proposes that country matters when it comes to business resistance to environmental and social policies, with countries with lower levels of democracy and income per-capita evincing more business resistance to environmental and social policy. Other things being equal, this would tend to suggest

that “developing” countries would show more business resistance to such policies than “developed” countries, the result being poorer environmental and social performance. However, Rivera also shows us that the actual *design* of the policy might be more important than the country characteristics. Indeed, through close examination of two voluntary environmental programs--the US Ski Industry’s Sustainable Slopes Program and Costa Rica’s Certification for Sustainable Tourism—he shows that the opposite behavior can result: Costa Rica’s program results in beyond compliance behavior whereas the US Ski Industry program actually attracts players with lower environmental performance ratings. This counter-intuitive result stems from fundamental differences in program design: The Costa Rican program is run by the government and includes third-party performance-based certification which provides certified hotels with a price premium and sales benefits not available to uncertified hotels. The US Ski Industry’s program, in contrast, lacks third-party certification, involves no specific environmental standards, and has no sanctions for poor performance. The result is that superior performers steer clear, leaving only the laggards to participate, perhaps for the “public relations” benefit.

Finally, Professor Rivera shows that company characteristics also influence the likelihood of engaging private-public “dance” described above: CEOs’ level of formal education and environmental expertise are associated with higher corporate participation and also with higher beyond-compliance environmental performance ratings.

We are very pleased indeed, to publish this book in the series on *Business, Value Creation, and Society*. The purpose of the series is to stimulate thinking about new ways

to combine economic value creation with social contribution and environmental sustainability. Professor Rivera has made an important contribution toward this end.

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