It is increasingly common for businesses to face public policies and government regulation that demand some form of environmental or social protection. These protective public policies have grown in number, complexity, and stringency over the last few decades, not only in industrialized countries but also in the developing world. In this book, Jorge Rivera presents a new theoretical framework for understanding the relationship between protective public policies and business compliance. This framework explains different levels of business compliance in terms of three different factors: the link between the stages of protective public policies and different levels of business resistance, the effect of country context, and the effect of firm-level characteristics. The second part of the book supports and elaborates on this framework by presenting empirical studies that examine two voluntary environmental programs: the US ski industry’s Sustainable Slopes Program and the Certification for Sustainable Tourism in Costa Rica.

Jorge E. Rivera is Associate Professor of Strategic Management and Public Policy at the George Washington University School of Business, Washington DC. He is also an associate editor of the journals Policy Sciences and Business and Society.
Business, Value Creation, and Society

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Foreword

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: chief executive officers’ 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.

Stuart L. Hart
S. C. Johnson Chair in Sustainable Global Enterprise
Johnson School of Management
Cornell University
Ithaca, NY, USA
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This book compiles research work that I have conducted over the last ten years. Previous versions of this work have been published in academic journal articles and they are reproduced with the kind permission of the co-authors and publishers. I am deeply thankful to my co-authors for their help, ideas, encouragement, criticism, and companionship during this long journey of discovery. Portions of Chapters 1, 2, 3, and 10 appeared in an article published in *Policy Sciences*: Rivera, J., Oetzel, J., deLeon, P., and Starik, M. 2009. ‘Business responses to environmental and social protection policies: towards a framework for analysis,’ *Policy Sciences* 42: 3–42.


The studies of the Costa Rican Certification for Sustainable Tourism discussed in Chapters 7, 8, and 9 were respectively published in the following three journal articles: Rivera, J. 2004. ‘Institutional pressures and voluntary environmental behavior in developing countries: evidence from Costa Rica,’ *Society and Natural Resources* 17: 779–97.
