Chapter 11

The Role of Corporations in Achieving Ecological Sustainability: Evaluating the Environmental Performance of Corporations

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ABSTRACT

Industrial development of the past 200 years has brought immeasurable wealth and prosperity. However, it has also caused an unintended eco-logical degradation. Hence, the focus of environmental law has shifted from the creation of global frameworks to deal with environmental problems to comply with those frameworks. As a result, the primary actors in environmental law have shifted from the state and the global community to corporations. As a consequence, environmental policies must develop along legally holistic lines. The role corporations have had in achieving ecological sustainability is poorly understood. In the backdrop of the above issues, the chapter examines the implications of ecologically sustainable development for corporations. It articulates corporate ecological sustainability through the concepts of environmental management and ecologically sustainable competitive strategies. It further examines the implications that these concepts have for a corporation in the long run.

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INTRODUCTION

Ecological problems rooted in organizational activities have increased significantly, yet the role corporations play in achieving ecological sustainability is poorly understood (Shrivastava, 1995). This chapter examines the implications of ecologically sustainable development for corporations. It articulates corporate ecological sustainability through the concepts of environmental management and ecologically sustainable competitive strategies. It further examines the implications that these concepts have for a corporation in the long run. This research makes conceptual contributions to the importance of sustainable development to private sector corporations, the link between environmental management and corporate performance, and the essential determinants of corporate dedication to sustainable innovation.

EVOLUTION OF THE CONCEPT OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

Companies can match demands for mitigation of environmental impacts in their production systems in different ways. The literature on the subject describes three stages, the first being reactive in nature (restricted to attend pollution control legislation), the second, more advanced, seeking to prevent pollution instead of treating it after it has been generated, and the third of proactive nature, with changes in the organizational structure of the company, as well as in the relationship with suppliers and consumers from the Supply Chain (Soares, n.d.). The neoclassical model explains the evolution of international cooperative efforts towards ecological sustainability covering all the three stages of literature.

Neoclassical Model and International Cooperative Efforts

Neoclassical model discovered its indication forty years prior to Stockholm Declaration of 1972; where it was set up that, there exists dire need to react to the issue of ecological decay. This meeting expressed that all people including organizations have the obligation to ensure nature is not meddled with. Later, at the United Nations Conference on Environment and Development, held at Rio, de Janeiro in the year 1992, it was chosen that the securities of nature, social and financial improvement are key to feasible advancement. In view of the Rio Principles, the worldwide activity for a worldwide organization for accomplishing manageable advancement entitled Agenda 21 (Future, 2012) was embraced. The Rio Conference was a critical achievement that set another plan for reasonable advancement. Among Rio and Johannesburg, the world’s countries pondered in a few noteworthy meetings.
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