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Multinational Enterprise Strategy, Green Capabilities and Government Environmental Regulations

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1. Introduction

Today multinational enterprises (MNEs) are affected by environmental regulations in a strategic manner. Some MNEs comply with environmental regulations while others develop new green capabilities. The paper explores the general conditions which determine the appropriate strategies for MNEs in a global environment where environmental regulations are of increasing importance. The paper advances on conceptual recent research by Rugman and Verbeke (1998a), in which both domestic and international environmental regulations have been identified and the firm-level response to these analyzed. In this paper this mainly analytical work will be extended by a focus upon the actual environmental strategies of a set of U.S. MNEs.

2. Developing Green Capabilities

As discussed in Rugman and Verbeke (1998a) the existing literature on corporate strategy and environmental regulations provides a variety of lenses for managers to view environmental regulations at the firm level, see Figure 1.