

# The Policy Process and Business Political Environmental Management Strategies in Developing Nations

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**Abstract.** This manuscript contributes to the organizations and natural environment literature by combining the policy process model with neo-institutional theory to develop a framework of propositions predicting business political environmental management strategies. This framework advances neo-institutional work that has traditionally portrayed government regulations as easily enforced-explicit-exogenous constraints obeyed by businesses. Our focus on political action and developing countries also advances the organizations and the natural environment literature which has paid little attention to these issues.

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## **The Policy Process and Business Political Environmental Management Strategies in Developing Nations**

In most of the country, enforcement of environmental regulations is lax. The [Chinese] State Environmental Protection Administration, which oversees the environment nationally, is woefully understaffed, with a workforce of just 300 in Beijing and only 100 more for the rest of the country. That means monitoring and enforcement generally fall to local officials, or even factory managers – whose first priority is to create jobs, whatever the environmental cost. (Balfour, 2005:122)

Scholars from different social science streams have consistently argued that regulatory pressures are key incentives for promoting environmental protection by firms (Gunningham, Kagan, & Thornton, 2003; Kraft & Vig, 1997). Indeed, a growing number of empirical studies have suggested that variations in the type of regulations, their stringency and enforcement significantly affect firms' strategic environmental management choices (Henriques & Sadosky, 1996; Hoffman, 1999; Welch, Mazur, & Bretschneider, 2000). Yet, despite the key role played by environmental regulations, the organization and the natural environment (ONE) literature has paid little attention to developing theoretical frameworks that predict changes in business political environmental management strategies (PEMS) during the different stages involved in the process of enacting, implementing, and evaluating these regulations. For the most part, this literature has also ignored the environmental protection behavior of business -- both multinational corporations (MNCs) and local firms-- in developing countries, where some of the world's most valuable ecosystems are threatened by booming rates of natural resource exploitation and, generally speaking, a pervasive neglect of environmental protection (Brewer & Stern, 2005; O'Rourke, 2004; Rivera & Delmas, 2004; Starik & Marcus, 2000).

Aiming to fill these gaps, we offer a set of propositions that address how dominant PEMS adopted by firms in developing countries (DCs) vary over the stages of the environmental policy process and identify factors that moderate these political strategic choices. To this end, we combine Harold Laswell's policy process model (1956) with neo-institutional theory (DiMaggio

& Powell, 1991; Scott, 2001). Lasswell's (1956) policy process model has been widely adopted by public policy scholars to reflect the policymaking dynamic (Brewer, 1999; Brewer & deLeon, 1983; Sabatier, 1999). Corporate political activity scholars have also proposed that the adoption of an array of traditional business political strategies is contingent on different stages of the policy process model (known in this literature as the "issue life cycle")<sup>1</sup> (Getz, 1993a, 1993b; Hillman & Hitt, 1999; Ryan, Swanson, & Buchholz, 1987; Sethi, 1979; Ullmann, 1985). Neo-institutional theory treats organizational strategy choices as significantly constrained by a socially enacted context of values, beliefs, norms, and formal rules (DiMaggio & Powell, 1991; Meyer & Rowan, 1977; Scott, 2001). Although earlier work by neo-institutional scholars highlighted compliance as the most legitimate response to institutional pressures, more recent work has begun to stress a wider array of legitimate organizational responses to multiple and sometimes conflicting institutional pressures (Hoffman, 1999; Oliver, 1991; Scott, 2001).

In developing countries, conventional wisdom holds that in both domestic and international conditions, firms lack environmental management programs and seldom react to environmental protection demands from society because they are unwilling, unaware, or unable to do so (Blackman, 2000; Garcia-Johnson, 2000; O'Rourke, 2004; Rivera, 2004). Yet, this broad generalization ignores the array of corporate environmental strategies adopted by firms operating in these nations. Based on a neo-institutional perspective, we propose that, depending on the "stage" of the policy process confronted by businesses, their dominant political environmental management strategies in DCs can vary from manipulation of environmental demands to defiance of regulations to avoidance of environmental issues to compromise with activists and government officials (Oliver, 1991). Less frequently, firms operating in these

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<sup>1</sup> Other terms used in the corporate political activity literature include: Regulatory life cycle and public policy life cycle (Hillman, A., Keim, G., & Shuler, G. 2004).

countries may also adopt compliance and even proactive beyond compliance environmental management strategies. Of course, policy process pressures, demands and actors are not the only factors that business PEMS depend upon (Hart, 1995; Starik & Rands, 1995). Internal firm characteristics also have a significant impact on the PEMS selected by business (Russo & Fouts, 1997; Sharma & Vredenburg, 1998). Yet, while we recognize the importance of these factors to PEMS choice, we hold firm characteristics constant in our analysis and instead focus on external pressures.

Following this introduction, we first describe the policy process model and its unique characteristics in developing country contexts. The third section defines and classifies different PEMS followed by business. Then, we elaborate on neo-institutional theory basic principles and develop propositions about adoption of business PEMS in different stages of the policy process in DCs. In the fifth section, we relax our initial assumptions about DCs to consider how key contextual characteristics moderate the business strategic choices during different stages of the policy process. The final section of the paper presents conclusions and implications for future research.

## **THE POLICY PROCESS FRAMEWORK**

The policy process approach has long dominated the study of public policy. First proposed by Harold D. Lasswell in the late 1940s (Lasswell, 1951; 1956; 1971), its delineation of the policy “stages” has provided a framework for scholars investigating the manners in which policy is substantively determined, assessed, and executed. For Lasswell, the policy process was most effectively rendered by a “stages” approach, which he subsequently described as the

decision process.<sup>2</sup> This “stages” approach was later modified by Garry D. Brewer (1974) and others (Anderson, 1979; Brewer & deLeon, 1983; Jones, 1984) to include a greater realization of the “political” and “cultural” aspects of the policy stages. Brewer and deLeon (1983) proposed the following stages:

- *Policy Initiation*, or how a policy need is articulated and alternatives proposed;
- *Estimation*, during which the proposed alternatives are assessed;
- *Policy Selection*, or how a specific policy alternative is chosen;
- *Policy Implementation*, or how a newly-chosen program is executed;
- *Evaluation*, or how policies and programs’ merits/shortcomings are judged, so that future iterations can be more effective in reaching their goals; and
- *Termination or change*, or how a policy/program is ended or modified.

These “stages” have more or less defined the development of the policy process framework over the last 35 years, as a wealth of authors have written about, for example, initiation, program evaluation, agenda setting, and/or policy implementation (for a partial list, see deLeon, 1999 p.22). Additionally, empirical studies have offered evidence suggesting that the policy process concept offers insights as to which institutions, issues, individuals, and elements constitute the formation, adoption, and implementation of public policy (Parsons, 1995; Sabatier, 1999). Yet, it is important to recognize the limitations of this framework as public policy making is often a complex, unstructured, and ambiguous endeavor affected by multiple issues and actors in which different stages tend to overlap and seldom follow a linear path.<sup>3</sup> Yet, reliance on

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<sup>2</sup> The policy process stages originally proposed by Laswell (1951; 1956; 1971) were: 1. *Intelligence*, or what were the major components of an emerging policy problem; 2. *Promotion*, or what/who determined the priority of the issue; 3. *Prescription*, or what was proposed to alleviate the problem; 4. *Invocation*, or coordinating the policy with existing norms; 5. *Application*, or what later came to be called implementation; 6. *Termination*, or how a policy is ended; and 7. *Appraisal*, or the means of evaluating a policy’s effectiveness.

<sup>3</sup> The policy process framework has of course been criticized by some authors. Paul Sabatier (1999) has perhaps been the most articulate, suggesting six specific problems with the stages approach (also see Nakaruma, 1987): 1. The stages model is not really a causal model at all. 2. The stages model does not provide a clear basis for empirical hypothesis testing. 3. The stages heuristic suffers from descriptive inaccuracy in posing a series of stages. 4. The stages metaphor suffers from a built-in legalistic, top-down focus. 5. The stages metaphor inappropriately emphasizes the policy cycles as the temporal unit of analysis. 6. The stages metaphor fails to provide a good vehicle for integrating the roles of the policy analysis and policy-oriented learning throughout the public policy process.

Lasswell's policy process model can help to disaggregate and simplify for study an otherwise muddled web of public policy transactions (Brewer, 1999; deLeon, 1999; Lindblom & Woodhouse, 1993).

In the management literature, corporate political activity scholars suggested long ago that the stages of the policy process affect the choice of corporate political strategies and tactics (Post, 1978; Sethi, 1979). Sethi's seminal work (1979) in this area suggested a general framework that uses a four stage model to describe the evolution of nonmarket issues and characterize three response patterns (compliance with the law, reducing negative effects, and proactiveness) that corporations may adopt to address them. Other authors later contributed by elaborating in more detail about how traditional political strategies may be employed during different stages of the policy process (Getz, 1993b; Lyon & Maxwell., 2004; Ryan et al., 1987; Ullmann, 1985). Ryan et al. (1987) proposed the use of communication strategies during the initiation stage of the policy process; participation strategies for policy formulation, estimation and adoption; and compliance-resistance strategies during the implementation of policies and regulations.<sup>4</sup> Classifying political strategies as collective or independent, Ullman (1985) argued that firms tend to follow collective political strategies during the initial stages of the policy process (initiation, estimation and selection) and later act alone employing independent political strategies. Getz (1993a; 1993b), using agency theory, developed propositions that predict corporate political tactics likely to be chosen by firms confronting different types of principal-agent problems generated during the policy process.

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<sup>4</sup> To briefly detail Ryan et al.'s typologies: *Communication strategies*: advocacy and image advertising, annual reports, corporate newsletters, press releases, reports to government, TV and radio talk shows, etc. *Participation strategies*: Coalition building, lobbying, honorariums, campaign contributions, etc. *Compliance-resistance strategies*: Cooperation with agencies, creating a new issue, legal resistance, judicial proceedings, and non-compliance (Ryan et al., 1987).

This extant literature, however, has not provided specific propositions about the dominant political strategies and tactics more likely to be adopted by firms during different stages of the policy process. Non-traditional corporate political strategies (e.g. manipulation, defiance, and avoidance) used by firms focused on resisting demands generated by the policy process have seldom been considered by previous work. Additionally, corporate political activity scholars have paid relatively little attention to the political strategies employed by small and medium size firms.

### **Policy Process in Developing Countries**

Currently, there is increasing interest in understanding the policy process dynamic in developing countries as their economic and political importance has increased on the world stage (Hoskisson, Eden, Lau, & Wright, 2000; O'Rourke, 2004; Wheeler, 1999). Following the approach used by previous scholars studying developing countries (Ascher & Healy, 1990; Garcia-Johnson, 2000; Grindle & Thomas, 1991; Horowitz, 1989; Thomas & Grindle, 1990), we adopt a set of generalizations about their public policy context that seeks to highlight conditions and characteristics shared by these nations. We recognize the many exceptions to these general assumptions given the unique history and institutions prevalent in the approximately 150 developing nations (Grindle & Thomas, 1991; Kaufmann, Kraay, & Mastruzzi, 2003). Thus, after developing our initial propositions, we relax our basic assumptions about developing countries to consider how key contextual characteristics moderate the business strategic choices during different stages of the policy process.

Our discussion of each stage of the policy process in developing countries, in the following section of the paper, assumes a context in which we assert the following country

conditions. First, in terms of *economic context*, we assume developing countries to be poor to extremely poor with gross national product (GNP) per capita below US\$10,065 in 2004, and with high levels of income inequality (World Bank, 2005). This includes a wide variety of countries classified by the World Bank, according to their average GNP per-capita in 2004, as follows: fifty-nine “low income” countries, US\$ 510; fifty-four “lower middle income” countries, US\$1,580; and forty “upper middle income” countries, US\$ 4,770 (World-Bank, 2005).<sup>5</sup> Accordingly, promoting economic growth under these conditions is usually expected to be the preeminent task of policy makers; as such, environmental protection programs tend to receive very low priority (Ames & Keck, 1997; Ascher, 1999; de Oliveira, 2002; Grindle, 2004; Rivera, 2004).

Regarding the *political context*, we assume that democratic traditions are limited, fragile, and incipient. Political influence and participation in policymaking is usually restricted to a few interest groups and freedom of the press is also limited resulting in a highly centralized government that faces little scrutiny and that is highly prone to corruption (Grindle, 2004; Horowitz, 1989; Lim & Tang, 2002; Rose-Ackerman, 1978 and 1999). We also assume that the business sector is very powerful in shaping and preempting enforcement of environmental regulations whereas domestic environmental groups are few and lack significant political influence (Ames & Keck, 1997; Blackman & Bannister, 1998; Lucas, 1997; O’Rourke, 2004; Stuligross, 1999). The use of violence is not a monopoly of the state; many groups view it as legitimate, and in many cases, their only recourse to influence public policy-making (Ascher & Healy, 1990; Horowitz, 1989; Wheeler, 1999). Concerning the *bureaucratic context*, we assume that government agencies in developing countries, compared to their equivalents in industrialized

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<sup>5</sup> The GNP per-capita ranges for each group are: low income, \$825 or less; lower middle income, \$826 - \$3,255; upper middle income, \$3,256 - \$10,065 (World Bank, 2005).

nations, have very limited capacity to enforce laws and regulations and tend to suffer from an endemic lack of technical, administrative and financial resources (Ascher, 1999; Blackman & Sisto, 2005; Gilson et al., 2003; Kaufmann et al., 2003; Rivera, 2004). Additionally, government agencies are also presupposed to be afflicted by pervasive and acute administrative problems that regularly obstruct the delivery of public services (Ascher, 1999; Kaufmann et al., 2003; Rose-Ackerman, 1978). Finally, we assume that environmental policies considered and adopted rely almost exclusively on a centralized command-and-control approach that does not establish clear standards and enforcement responsibilities (Blackman & Sisto, 2005; Garcia-Johnson, 2000; O'Rourke, 2004; Wheeler, 1999).

## **TAXONOMY OF BUSINESS POLITICAL ENVIRONMENTAL MANAGEMENT STRATEGIES**

Similarly, of particular interest to scholars recently has been the growing influence of the private sector; as public policy issues often affect businesses, the private sector becomes increasingly more involved in government policy-making and implementation (Hillman, Keim & Schuler, 2004; Lindblom & Woodhouse, 1993). Most of the research in this area has been focused on classifying the different types of business political activity, identifying its motivations, and evaluating its outcomes in industrialized countries (Hillman et al, 2004). Scholars, however, have paid little attention to developing countries and to the different political strategies used by private sector firms to deal with environmental protection issues (Brewer & Stern, 2005; Cashore & Vertinsky, 2000; Starik & Marcus, 2000). This relative lack of attention to business PEMS is surprising given that traditionally environmental policies and regulations are highly contested by businesses and supported/demanded not only by environmentalist groups

but also by other interest groups (Andrews, 1998; Gunningham et al., 2003). To contribute to filling this gap, we first define the concept of business political environmental management strategies and then classify the different types of PEMS used by business in developing countries.

Building upon the definitions of business political behavior and nonmarket (political) strategies by Mahon (1993), Baron (2005) and Baysinger (1984) we define political environmental management strategies as:

*The concerted pattern of actions taken by businesses to favorably shape environmental protection policies and demands arising from the commands, appeals, influence, and/or resistance of government agencies, environmental groups, and other stakeholders.*

Regarding the taxonomy of business environmental management strategies, previous authors have developed a variety of classifications based on the technology choices and internal management approaches adopted by firms (Hart, 1995; Henriques & Sadosky, 1996; Hunt & Auster, 1990; Roome, 1992). Although involving different terminologies and numbers of categories, these classifications are consistent in characterizing firms' strategies as ranging from reactive to proactive, as originally suggested by Carroll (1979). However, as we argued above, besides its strong technological and managerial aspects, environmental management also involves inherent political strategies used by firms to address the demands from government agencies and a wide array of stakeholders (Cashore & Vertinsky, 2000; Gunningham et al., 2003). Accordingly, we develop a taxonomy of business PEMS that uses categories initially proposed by Christine Oliver (1991) to classify strategic responses to institutional processes in which firms can: acquiesce, compromise, avoid, defy, and/or manipulate. To Oliver's (1991) initial set of categories, we add "proactive beyond compliance" to reflect the approach adopted by some companies seeking to implement an "environmentally friendly" political environmental

strategy (see Table 1). We also tailor the specific tactics belonging to each political category to reflect business political actions used in dealing with environmental management. Our taxonomy classifies political strategies in an ascending order of political resistance to environmental regulations beginning with proactive beyond compliance and ending with manipulation.

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## **THEORETICAL FRAMEWORK**

### **Neo-institutional Theory and Business Political Environmental Management Strategies**

Neo-institutional theory shares an open systems perspective with other social science theories in giving the external context a central role in determining the strategic choices of organizations (Katz & Kahn, 1966; Scott, 2001). Accordingly, the choices of rationally-bounded managers are seen as restricted and shaped by a taken-for-granted social and cultural environment that provides a sense of social legitimacy to organizations (DiMaggio & Powell, 1991; Meyer & Rowan, 1977; Scott, 2001). The most important elements of this social and cultural context include institutions such as shared beliefs, norms, formal rules, symbols and ceremonial traditions that define legitimate behavior (DiMaggio & Powell, 1991; Meyer & Rowan, 1977).

Neo-institutional scholars (e.g., Suchman, 1995) challenge the notion that businesses are exclusively profit-seeking and emphasize the importance of achieving social legitimacy for long term business survival and competitiveness. Legitimate businesses are those whose actions are seen or presumed to be “desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995, 574). Institutions that determine social legitimacy exert coercive, normative, and mimetic pressures that have an

isomorphic effect, leading businesses that operate in the same organization field to adopt similar structures and strategies (DiMaggio & Powell, 1991).

Although earlier work by neo-institutional scholars highlighted compliance as the typical response to institutional pressures, most recent work has begun to stress a wider array of legitimate organizational responses to these pressures (Hoffman, 1997; Oliver, 1991; Scott, 2001). Complementing neo-institutional theory with insights from resource dependence theory (Pfeffer & Salancik, 1978), Oliver (1991) posits that organizations are less passive in their responses to institutional pressures than originally proposed. Given the often conflicting, ambiguous, overlapping, and malleable nature of institutional pressures, organizations can legitimately respond using different strategies such as compromise, avoidance, defiance, and manipulation (Oliver, 1991; Scott, 2001). For instance, organizations can shape institutional pressures by purposely ignoring external events or denying their stake in them, negotiating and creating alliances with other organizations or groups, manipulating expectations of outsiders, resisting external demands, and/or defying the legitimacy of external demands (Oliver, 1991; Scott, 2001). The legitimacy of these strategic responses, of course, varies across organizational fields and issues (Scott, 2001).

In the organizations and the natural environment (ONE) literature, scholars have used neo-institutional theory to study corporate environmental management responses to different contexts, issues, and institutional pressures (Bansal & Clelland, 2004; Delmas, 2002; Hoffman, 1997, 1999; Jennings & Zandbergen, 1995; King & Lenox, 2000; Rivera, 2004). Hoffman's (1997) seminal study of the U.S. chemical and oil industries between 1960 and 1993 illustrates a belligerent dynamic in which firms adopted a wide range of responses – ranging from defiance to proactive beyond compliance -- to emerging regulations and other institutional demands for

corporate environmental protection. Yet, following the early neo-institutional tradition, other scholars have adopted a more formalistic perspective that views environmental regulations as exogenous and explicit constraints that are effectively enforced and are able to coerce desired firm behavior (Scott, 2001; Suchman & Edelman, 1997). We argue that environmental policies and their regulations are enacted through a process that is highly contested, altered, manipulated, and/or captured by firms and other multiple actors (Brewer & deLeon, 1983; Lindblom & Woodhouse, 1993; Scott, 2001; Suchman & Edelman, 1997). Accordingly, environmental policies and regulations are often very complex, ambiguous, and fragmented, and can constantly be shaped and interpreted by the strategies of businesses and other social actors.

It also important to highlight that in many cases, businesses simultaneously pursue multiple political strategies to deal with external demands for environmental protection (Baron, 2005; Hillman et al., 2004). Nonetheless, rationally-bounded firm managers, with little time and access to information, have been found to predominantly follow an overriding political strategy that takes precedence over alternative courses of action (Baron, 2005; Lindblom & Woodhouse, 1993; Simon, 1985). Thus, the propositions that we outline in the rest of the manuscript seek to predict these dominant political strategies (See Tables 2 and 3 for summary of propositions).

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Insert Tables 2 and 3 about here  
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### **Micro-Businesses, Small Enterprises and the Environmental Policy Process**

Before we elaborate on the dominant business PEMS typically adopted during the different stages of the policy process, it is important to highlight that a large proportion of firms in developing countries are micro-businesses or small-enterprises that often operate outside the formal economy. Micro-businesses are generally considered as firms with between one and ten

employees and small-enterprises are generally defined as those ranging in size from 11 to 50 employees, although these categories are somewhat arbitrary and may vary slightly from country to country (Beck, Demirguc-Kunt & Levine, 2005; Blackman, 2000; De Soto, 2000). These informal economy firms are, in a sense, “invisible” entities to regulators as they tend to lack a formal government license to operate, do not usually pay taxes, and have no access to credit and financial services from banks (Blackman & Sisto, 2005; De Soto, 2000). Typically, a significant number of these micro- or small-enterprises are barely surviving financially with little resources to track or deal with emerging environmental protection issues (Blackman & Bannister, 1998; Garcia-Johnson, 2000; O’Rourke, 2004). Additionally, because of their size and the fact that they operate extralegally, informal businesses have very little influence over the actions of governments that they perceive as corrupt and irrelevant to their existence (De Soto, 2000). This condition is particularly problematic since estimates are that 50 to 80 percent of all people in developing countries work in such businesses (De Soto, 2000: 154). Environmental protection issues are seldom part of the priorities of informal micro-firms as they are seen as costly and, most importantly, considered incompatible with legitimate practices of barely surviving enterprises (Dasgupta, 2000; Lo & Leung, 2000; Rivera, 2002; Stuligross, 1999). Moreover, it is not only that environmental protection issues are perceived as trivial and illegitimate; these issues are usually dismissed because it is taken for granted that developing country governments lack the capacity and the will to enforce environmental regulations (Ames & Keck, 1997; O’Rourke, 2004; Rivera, 2004; Stuligross, 1999). In addition, owners-managers of informal micro-firms rarely have the basic education required to understand complex environmental management requirements (Rivera & deLeon, 2005). The previous arguments suggest our first proposition:

*Proposition 1: During the different stages of the environmental policy process, informal micro- and small-businesses operating in a developing country are more likely to display a defiant political strategy that involves dismissive tactics.*

## **Policy Initiation**

The initiation stage of the policy process involves the identification of emerging environmental problems that are defined in disparate ways by competing interest groups. In developing countries, it is often the case that environmental problems are identified only after they have become severe and affect a significant number of people; i.e., localized concerns are usually ignored by central authorities (Ascher & Healy, 1990; Lybecker & Horan, 2005). Very little technical environmental information is available to interest groups to define and increase the public salience of localized problems (Clark, 2002; Kingdon, 1995; Utting, 2002). Awareness of environmental problems tends to be salient among a few experts and passionate activists but almost nonexistent among the general public and top government officials (Kingdon, 1995; Wehrmeyer & Mulugetta, 1999). Depending on the generation of alarming evidence and the political pressure exerted by environmentalists able to form alliances with more powerful interest groups, environmental problems may gain the attention of wider audiences and become part of the policy agenda (Ames & Keck, 1997; Lo & Leung, 2000; O'Rourke, 2004; Sabatier, 1999). At this point, given the lack of scientific expertise and information in developing countries, inaction and stalling by government officials is the most common approach (Ascher & Healy, 1995; Horowitz, 1989). In this stage, firms are likely to adopt a defiant political strategy that characteristically dismisses environmental issues and demands. Businesses tend to ignore environmental problems and question what they consider illegitimate demands from

environmentalists and other stakeholders, possibly because there are none in these communities who are willing to act as policy entrepreneurs in the environmental arena. These arguments suggest the following proposition:

*Proposition 2: During the initiation stage of the environmental policy process firms operating in a developing country are more likely to adopt a defiant political strategy that involves dismissive tactics.*

### **Policy Estimation**

The estimation stage involves assessment of proposed alternative prescriptions that deal with an environmental issue that has become increasingly germane in the public policy agenda (Brewer & deLeon 1983; Clark, 2002). Ideally, environmentalists, industry, and government agencies would invest resources to collect the necessary empirical evidence, develop forecasts and frameworks that can help estimate the political and public acceptability, technical feasibility, and distribution of cost-benefits associated with potential policy options to tackle the environmental problem of interest (Brewer & deLeon 1983; Clark, 2002; Kraft & Vig, 1997). Yet, in the case of developing countries, it is more typical that very little or no assessment of policy alternatives is developed outside “rough guesses” about the effects on economic growth and ideological consistency of a single preferred policy (Ascher & Healy, 1995; Horowitz, 1989; de Oliveira, 2002; Wehrmeyer & Mulugetta, 1999). Given the preeminence of economic growth goals, environmental policies are likely to be “assessed” as extremely costly and their benefits dismissed or not identified (de Oliveira, 2002; Wehrmeyer & Mulugetta, 1999). Due to their typically weak political standing, local communities and environmentalists are rarely considered by those “assessing” alternative environmental policies (Lybecker & Horan, 2005; O’Rourke,

2004; Wehrmeyer & Mulugetta, 1999). In addition, “Western” scientific approaches to evaluation are seen as unnecessarily costly and time-consuming (perhaps somehow culturally tainted) and even when they are introduced, their findings are seldom used for decision making (Gilson et al., 2003; Horowitz, 1989).

In this stage of the policy process, given the increased visibility and agenda importance of environmental problems, firms often find it harder to simply adopt a defiant strategy that dismisses environmental issues. Thus, they tend to display more resistance by adopting a manipulation political strategy that seeks to influence the criteria and perspectives used to evaluate environmental problems and potential policy alternatives (Patel, Torres & Rosset, 2005). Firms tend to highlight the high cost and technological challenges of regulations. Also, they may seek to stress the “conventional wisdom” that environmental protection is a costly luxury advanced by radical groups (Rivera, 2004; Utting, 2002; Wehrmeyer & Mulugetta, 1999). These arguments suggest the following proposition:

*Proposition 3: During the estimation stage of the environmental policy process firms operating in a developing country are more likely to adopt a manipulation political strategy that involves influence tactics.*

## **Policy Selection**

In developing countries, this stage usually involves a few top officials from the central government making decisions about the course of action to confront a highly salient and persistent environmental problem (Ames & Keck, 1997; Ascher & Healy, 1990; Grindle & Thomas, 1991; Steinberg, 2001). During this part of the process political concerns take precedence over scientific data and assessments (Ascher & Healy, 1995; Clark, 2002; Lindblom

& Woodhouse, 1993). Most relevant are economic growth, ideology and the small array of powerful special interests that tend to dominate politics (Horowitz, 1989; Kingdon, 1995; Wehrmeyer & Mulugetta, 1999). In the end, it becomes more important for policy makers to find, through negotiation, a satisfactory option that can gain consensual approval of the most influential actors (Janis, 1982; Lindblom & Woodhouse, 1993). Yet, stalemate is still likely in the form of more studies and appointment of symbolic commissions, particularly when issues are too controversial or when well organized interest groups strongly oppose any new government action (Brewer & deLeon, 1983; Kingdon, 1995; Lybecker & Horan, 2005). Surprisingly, if political pressure to deal with environmental problems persists, governments in developing countries tend to adopt stringent mandatory regulations modeled after standards established in industrialized nations (Ascher, 1999; Blackman, 2000). However, the adoption of stringent mandatory regulations can be seen more as a symbolic action seeking to mask the lack of political will rather than seriously dealing with environmental problems (Wehrmeyer & Mulugetta, 1999; Wheeler, 1999; Utting, 2002).

In this stage, firms are likely to adopt an archetypical political strategy of compromise, one that seeks to forestall the adoption of new environmental regulations or, if this is not possible, reduce their stringency to the minimum (Blackman & Sisto, 2005; Oliver, 1991; Utting, 2002). Contrary to the wider array of compromise tactics used by businesses in industrialized countries, firms' compromise tactics in developing countries are more limited to quietly using closed door lobbying of politicians, government officials and activists (Blackman, 2000; Blackman & Sisto, 2005; Utting, 2002). Public campaigns typical of advanced industrialized countries with civic cultures and strong democratic traditions are very rare (Almond and Verba, 1961). This closed-door approach reflects the lack of a large number of organized interest groups

that are recognized as legitimate political actors by high level government officials and politicians (Lim & Tang, 2002; Lo & Leung, 2000). Additionally, members of powerful interest groups tend to be closely related either through family or long-lasting friendship ties (what Janis [1981] refers to as “groupthink”) that result in a few closely related individuals occupying powerful positions in government, business, and non-government organizations (Ames & Keck, 1997; Grindle & Thomas, 1991). These arguments suggest the following hypothesis:

*Proposition 4: During the selection stage of the environmental policy process, firms operating in a developing country are more likely to adopt a compromise political strategy that involves balancing, pacifying and bargaining tactics.*

## **Policy Implementation**

The fourth stage of the policy process deals with the administrative execution of environmental policies by the government’s bureaucracy. Ideally, it entails outlining specific regulations in terms of influencing corporate behavior as well as deploying enforcement and monitoring efforts. As policy scholars have recognized and documented, even in advanced industrialized countries implementation seldom resembles the precise intentions of the policy alternative adopted in the selection stage of the policy process (deLeon & deLeon, 2002; Pressman & Wildavsky, 1984). In developing countries, however, high level government officials and politicians appear to operate under the old policymaking approach that views enactments of policies and laws as the central governmental activity (Bardach, 1977; Brinkerhoff, 1996; Crosby, 1996). Little attention is paid to implementation processes, operating under the assumption that adopted policies will somehow be executed by the government bureaucracy (Crosby, 1996; Thomas & Grindle, 1990; Pressman & Wildavsky, 1984). This

dynamic is particularly acute for environmental policies and regulations that have low political priority and that tend to be symbolically adopted without intention of providing resources for their enforcement (Blackman, 2000; Blackman & Sisto, 2005; Brinkerhoff, 1996).

In this stage, firms operate under the assumption that environmental policies, regardless of the specific issues they address, are seldom enforced because of lack of political will or lack of technical and financial resources to monitor corporate environmental performance (Moser, 2001; O'Rourke, 2004; Utting, 2002; Wheeler, 1999). Thus, they adopt an avoidance strategy that seeks, through concealment tactics, to deflect attention to their lack of compliance with environmental regulations. The previous ideas suggest the following proposition:

*Proposition 5A: During the implementation stage of the environmental policy process, firms operating in a developing country are more likely to adopt an avoidance political strategy that involves concealment tactics.*

If firms consider government enforcement and monitoring of regulations to be so aggressive and unrealistic as to make it illegitimate for the socio-economic conditions of the developing country in which they are operating, they tend to adopt a defiant political strategy that seeks to challenge and attack the “unreasonable” enforcement (Blackman, 2000; O'Rourke, 2004; Utting, 2002). This more aggressive form of resistance may result, in part, from business managers' surprise at the implementation of what they have perceived all along as only symbolic environmental regulations. These arguments lead to the following proposition:

*Proposition 5B: If firms operating in developing countries perceive the enforcement of environmental regulations to be too aggressive, they are more likely to pursue a defiant political strategy that involves challenge and attack tactics.*

## Evaluation

This stage involves an ex post facto assessment of the outcomes generated by environmental policies and their respective regulations. It is important to stress that policy evaluations are not just technical but also inherently political exercises (Brinkerhoff, 1996; Gilson et al., 2003; Morton, 1996). Estimating political support and ideological acceptability are often more important than measuring economic benefits and costs (Brewer & deLeon 1983; Kingdon, 1995). In developing countries, policy implementation evaluations are seen as expensive and time-consuming exercises (Ascher & Healy, 1990; Morton, 1996). Governments seldom implement these evaluations except when pressured by external donor agencies that agree to fund such appraisals. Also, given the lack of information and technical expertise, policy evaluations in developing countries are more dominated by politics than in industrialized countries (Ames & Keck, 1997; Ascher & Healy, 1990; Morton, 1996). For firms, evaluation of environmental policies triggered by exogenous donor agencies and/or pressures from environmental groups entails increased scrutiny and monitoring of their environmental practices that are likely to lead to sanctions and/or increasing demands for more stringent regulations and monitoring (Garcia-Johnson, 2000; O'Rourke, 2004; Utting, 2002). Consequently, they are likely to adopt a manipulation political strategy that seeks to influence and/or control the scope of policy evaluations, their assessment criteria, their analytical methodologies, and co-opt evaluating organizations or individuals. These arguments lead to the next proposition:

*Proposition 6: During the evaluation stage of the environmental policy process, firms operating in a developing country are more likely to adopt a manipulation political strategy that involves influence, co-optation, and control tactics.*

## **Policy Change or Termination**

During this stage of the policy process, government programs and regulations that have not met the expectations of important interest groups and the public in general may experience programmatic modifications or, in very rare cases, they may be discontinued (Bardach, 1976; Brewer, 1978; deLeon, 1978). Here, we are returning to a dynamic similar to the initiation stage of the policy process where government action is dependent on the salience of an issue and on how it is defined and shaped by different interest groups (deLeon, 1978). In this sense, many of the components found in Proposition 2 are germane here as well. In the following section we elaborate on a few key factors that may positively moderate businesses' choice of PEMS during the different stages of the environmental policy process.

## **Moderators of Corporate Environmental Political Behavior in Developing Countries**

Our previous propositions suggest that different stages of the environmental policy process, under the typical conditions of developing countries, are unlikely to yield business PEMS such as compliance and proactive beyond compliance (see Table 1). Thus, an important question emerges: *What contextual factors moderate the relationship between business PEMS and the different stages of the policy process in developing countries?* As such, we develop an additional set of propositions that suggest some of these moderating factors.<sup>6</sup> Our focus is on external factors and we do not address firm characteristics, such as firm size, MNC ownership or affiliation, industry, and export orientation, that may also moderate business political environmental strategies (Christmann, 2004; Christmann and Taylor, 2001; Hart, 1995; Levy and

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<sup>6</sup> A moderator variable, M, is one that changes the extent of the association of an independent variable, X, on a dependent variable, Y. In regression analysis, this means that the slope of Y on X fluctuates across different values of M according to an interaction term formed by the product of X and M (Aiken & West, 1991).

Kolk, 2002; Sharma & Vredenburg, 1998). We start by relaxing our initial assumptions about the political context then shift attention to the the economic and bureaucratic contexts.

### **Political context**

Recent studies suggest that democratic countries are more likely to protect the environment than authoritarian nations (Cole, 1998; Lim & Tang, 2002; Payne, 1995; Silva, 1996). Governments, in general, are likely to face significant challenges in devoting sustained attention to negative environmental externalities generated by business because these externalities are often diffuse, ambiguous, and marginal for each of the many individuals affected (Ostrom, 1990). Moreover, in developing countries, governments are more reluctant to regulate the environmental practices of businesses that are seen as the main sources of jobs and generation of wealth (Ascher, 1999; Wehrmeyer & Mulugetta, 1999).

Democratic governments are more likely to address such environmental challenges for several reasons. First, high level officials can gain electoral support by trying to ameliorate environmental problems affecting large numbers of voters (Diamond, 1999; Lim & Tang, 2002). Second, increased freedom of the press in democratic countries facilitates timely publication and broadcasting of information about the causes and effects of environmental problems (Payne, 1995). Third, environmental groups are easier to organize and better able to provide their input/demands to policy makers in democratic regimes who are more likely to guarantee freedom of association and public participation in policy making (Diamond, 1999; Lybecker & Horan, 2005; Payne, 1995). Under these circumstances, firms find stronger institutional pressures that, in turn, significantly reduce the legitimacy of the most reactive PEMS (e.g. manipulation and defiance). Additionally, the cost of adopting very reactive political strategies increases

considerably as the strength of pro-environmental groups, the media, and public opinion increases in more democratic regimes.

Finally, it is also important to consider the length of time that democratic traditions have existed in a country (Lim & Tang, 2002; Lybecker & Horan, 2005). For example, authoritarian institutions and traditions take years to be replaced by the type of democratic institutions that facilitate environmental protection interests. Thus, firms that oppose environmental regulations can more easily adopt strongly reactive political strategies in recently democratized nations. The previous arguments suggest the following propositions:

*Proposition 7: A country's degree of democratization positively moderates the relationship between business political environmental management strategies and the different stages of the environmental policy process in developing countries.*

*Proposition 8: A country's democratic age (number of years since holding periodic free elections) positively moderates the relationship between business political environmental management strategies and the different stages of the environmental policy process in developing countries.*

## **Economic context**

Many scholars have studied the relationship between environmental quality and per-capita GDP to explain the theoretical basis and/or empirically test the Environmental Kuznets Curve (EKC) hypothesis (Dasgupta, Laplante, Wang, & Wheeler, 2002; Stern, 2004). The EKC hypothesis posits an inverted U association between environmental quality and per capita income, meaning that, in wealthier countries, economic growth is associated with environmental improvement (Grossman & Krueger, 1991). Environmental quality in poor countries, on the

other hand, is expected to quickly decline with economic growth as the main sources of this growth are generally intensive agriculture, heavy manufacturing and extractive industries that are highly polluting (Grossman & Krueger, 1991; Dasgupta, et al, 2002; Stern, 2004). This inverted U relationship is explained by arguing that as national income rises beyond middle income country levels, the resources and new technology available for environmental protection become more abundant for governments, firms, and communities (Stern, 2004). Also, citizens in upper middle income countries and beyond, once they have satisfied their basic needs (e.g. health, education, and safety), shift their demands to increased environmental quality prompting the adoption and effective implementation of stricter environmental regulations (Panayotou, 1997).

Despite a large number of studies, empirical evidence supporting the EKC hypothesis is still inconclusive (Dasgupta, et al., 2002; Stern, 2004). Some studies suggest that, after controlling for institutional context variables, the EKC hypothesis may particularly apply to concentrations of certain local air pollutants such as sulfur dioxide, suspended particles, and nitrogen oxides (Dasgupta et al., 2002; Panayotou, 1997; Stern, 2004; Suri & Chapman, 1998; Torras & Boyse, 1998). Preliminary studies of other indicators of environmental quality suggest no relationship for deforestation levels or a negative relationship with income for river quality, municipal waste generation, and carbon emissions (Stern, 2004; Suri & Chapman, 1998). Most importantly, empirical studies offer mixed evidence about the precise GDP per capita levels at which turning (or “saddle”) points are observed (Stern, 2004). The most recent and thorough review of the EKC literature (Stern, 2004) indicated that turning points estimated by empirical studies using concentration data range between about 4,000 to 6,000 US dollars of 1990. In this review, Stern (2004: 1426) argues that: “The only robust conclusions from the EKC literature

appear to be that concentrations of pollutants may decline from middle income levels, while emissions tend to be monotonic in income.”

Business or facility level studies seeking to test the implication of the EKC are very rare, perhaps because of the pervasive lack of environmental performance data (O’Rourke, 2004). This emerging literature has not addressed the type of PEMS adopted by business in developing countries. Yet, drawing on the EKC literature, we propose that the observed decline in the concentration of a few pollutants at upper middle income levels may reflect a shift in the PEMS adopted by business to deal with the different stages of the environmental policy process. This reasoning suggests the following hypothesis:

*Proposition 9: GDP per capita above lower middle-income levels positively moderates the relationship between business political environmental management strategies and the different stages of the environmental policy process in developing countries.*

### **Bureaucratic Context**

Environmental policy research has provided increasing evidence that businesses’ environmental protection practices improve significantly when government environmental agencies are capable of enforcing mandatory environmental regulations through effective monitoring and are able/willing to impose penalties for non-compliance (Henriques & Sadorsky, 1996; Winter & May, 2001). In developing countries, scholars have similarly found evidence suggesting that environmental agencies with an effective bureaucracy for enforcing stricter environmental regulations play an important role in ameliorating environmental problems (Dasgupta et al., 2002; Panayotou, 1997; Rivera, 2004). From the perspective of businesses, the cost of relying on reactive PEMS increases significantly when facing an active environmental

protection bureaucracy featuring greater access to financial, administrative, and technical resources to implement regulations. Thus, strategies such as defiance and manipulation become less appealing. The previous arguments suggest the following hypotheses:

*Proposition 10: A country's capacity to enforce regulations positively moderates the relationship between business political environmental management strategies and the different stages of the environmental policy process in developing countries.*

**Type of environmental regulations.** The specific types of regulations considered and yielded by the environmental policy process can also moderate the association between the different stages of the policy process and the PEMS adopted by firms. So far, we have assumed that command-and-control regulations are the predominant type considered and adopted in developing countries. Businesses traditionally have perceived command-and-control regulations as expensive and inflexible requirements that stifle innovation to address environmental management issues (Gunningham et al., 2003; Winter & May, 2001). Accordingly, firms tend to adopt reactive political strategies that, in general, seek to resist the consideration, adoption, and implementation of this type of environmental regulation. On the other hand, incentive-based environmental regulations that avoid prescribing specific technologies and environmental management systems may receive reduced political opposition by businesses because they are perceived as more efficient and innovation friendly (Delmas & Marcus, 2004; Wheeler, 1999). These considerations lead to the following proposition:

*Proposition 11: Incentive-based environmental regulations positively moderate the relationship between business political environmental management strategies and the different stages of the environmental policy process in developing countries.*

## CONCLUSION AND IMPLICATIONS

The growing literature on organizations and the natural environment has paid little attention to the different types of PEMS adopted by companies to address environmental protection issues (Brewer & Stern, 2005; Levy & Newell, 2005; Starik & Marcus, 2000). Scholars in this field have focused primarily on studying the link between corporate environmental performance and competitiveness and on identifying the determinants of firm technology and EMS choices. Additionally, almost all studies in this general area of research have targeted businesses operating in industrialized countries paying little attention to developing countries (Rivera & Delmas, 2004; Starik & Marcus, 2000). Accordingly, at a general level, we seek to add value by highlighting the importance played by business political strategies in dealing with corporate environmental management issues. We also contribute to the organizations and natural environment research by stressing the importance of understanding corporate environmental management in the context of developing countries. It is in these nations where we are observing some of the highest growth rates for extractive and heavy manufacturing activities known to be most detrimental to the natural environment (Persy et al., 2005).

From a theoretical perspective, this analysis proffers a contribution by integrating the policy process model with institutional theory to develop a framework of propositions that helps to predict dominant PEMS adopted by business during the different stages of the environmental policy process. This framework of propositions advances institutional work that initially portrayed government regulations as easily enforced-explicit-exogenous constraints obeyed by businesses (Scott, 2001; Suchman & Edelman, 1997). We also add to neo-institutional theory's

early legal formalistic perspective by developing propositions about how contextual factors may moderate business PEMS choices in different stages of the environmental policy process. In addition, our framework of propositions advances previous theoretical work by considering not only large corporations but also small- and medium-sized businesses that may be operating in the informal economy and thus fall under different institutional field expectations and norms (Hoffman, 1997).

We also contribute to the organizations and the natural environment literature by building upon Christine Oliver's (1991) original typology of corporate strategic responses to develop a taxonomy of environmental management strategies not focused simply on technology choices but on a wide spectrum of political tactics. To do this, we provide a definition of PEMS and adapt Oliver's categories to describe specific political environmental management tactics displayed in developing countries. Then, we add a new proactive political strategy category to Oliver's (1991) that encompasses the more environmentally friendly political strategies employed by business with leading environmental management practices.

### **Research implications**

Regarding research implications, the first step is to empirically test the propositions outlined in this paper. We anticipate that our framework of propositions can help guide and spur research that focuses on studying business PEMS in developing countries. Initially, research may entail in-depth case studies that allow longitudinal examination of the environmental policy process and the associated PEMS adopted by business. An alternative approach involves firm level cross-sectional research that collects information about the PEMS adopted by businesses during specific stages of the environmental policy process. As suggested by Banerjee (2002), the

characterization of adopted PEMS can be done using a stakeholder assessment of individual firms. Other researchers may want to focus on an important topic not covered by our manuscript: theorizing about how internal firm characteristics (e.g. top management values and demographics, previous strategies and performance, and firm technological and managerial capabilities) are related to business PEMS choices (Christmann, 2004). Another important issue that future research could explore is the adoption of multiple PEMS simultaneously to respond to different stages of the policy process (Hillman et al., 2004). Our focus here is on the dominant strategies adopted by business but this, of course, does not exclude the possibility that firms can simultaneously adopt multiple political strategies. (Hillman & Hitt, 1999). Additionally, our focus has been on the adoption of PEMS, so future research could address businesses political strategy implementation. A critical issue in this area involves theorizing about the competitive advantage gained by firms adopting different PEMS.

### **Implications for Management and Public Policy**

For business managers, we suggest that political strategies may be as important as technology choices when dealing with the environmental policy process. Managers also need to be aware of the wide array of PEMS that can be adopted by their firms. In developing countries, businesses seldom adopt a proactive approach. Yet, given the growing magnitude of environmental problems and the increased attention given to these issues by the media, a more environmentally proactive political approach may offer differentiation advantages to firms.

For policy makers, this analysis indicates that compliance is only one, and not necessarily the most efficacious, of the many PEMS available to firms in developing countries. Accordingly, relying exclusively on command-and-control regulations may not be the most

effective way to promote environmental protection in these nations. Of course, command-and-control regulations are a critical component of environmental policy but they need to be complemented with more cooperative and incentive-based approaches that can help shift the highly reactive approach adopted by firms in developing countries towards more proactive strategies. In the case of informal businesses, training, technical assistance, and funding may be more effective than mandatory regulations to promote awareness of the importance of environmental protection.

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**TABLE 1**  
**Business Political Environmental Management Strategies in Developing Countries**

<b>Political Strategy</b>	<b>Tactics</b>	<b>Examples</b>
<b>1. Proactive beyond compliance</b>	<b>a. Leadership</b>	<ul style="list-style-type: none"> <li>- Promote more stringent regulations and voluntary environmental protection standards through lobbying and public campaigns.</li> <li>- Supply chain greening: Require global suppliers to obtain credible third-party environmental certification.</li> <li>- Green-partnering with government and other environmental stakeholders to develop and share with other industry competitors new environmental technologies and management systems.</li> </ul>
	<b>b. Self-regulation</b>	<ul style="list-style-type: none"> <li>- Participate in independent performance-based environmental certification programs.</li> <li>- Follow uniform beyond compliance standards globally.</li> </ul>
<b>2. Acquiesce</b>	<b>a. Habit</b>	<ul style="list-style-type: none"> <li>- Unconsciously follow given environmental regulations.</li> </ul>
	<b>b. Imitate</b>	<ul style="list-style-type: none"> <li>- Emulate environmental compliance practices adopted by industry leaders.</li> </ul>
	<b>c. Comply</b>	<ul style="list-style-type: none"> <li>- Deliberately conform to environmental regulations</li> <li>- Intentionally adhere to key community and industry environmental protection expectations.</li> </ul>
<b>3. Compromise</b>	<b>a. Balance</b>	<ul style="list-style-type: none"> <li>- Seek less stringent environmental standards by directly involving economic growth interest groups in the environmental policy process.</li> </ul>
	<b>b. Pacify</b>	<ul style="list-style-type: none"> <li>- Limited adoption of visible and minimal environmental protection efforts to avoid conflict with influential stakeholders and preempt regulations.</li> </ul>
	<b>c. Bargain</b>	<ul style="list-style-type: none"> <li>- Actively negotiate the stringency of environmental regulations with government and other stakeholders.</li> </ul>
<b>3. Avoid</b>	<b>a. Conceal</b>	<ul style="list-style-type: none"> <li>- Symbolic adoption of end-of-pipe technology.</li> <li>- Stopping or reducing highly polluting production processes at visible times and during inspections.</li> <li>- Opportunistic participation in non third-party voluntary environmental schemes.</li> <li>- Disposing waste and pollution in isolated and distant locations.</li> </ul>
	<b>b. Buffer</b>	<ul style="list-style-type: none"> <li>- Outsourcing highly polluting activities to independent sub-contactors.</li> </ul>
	<b>c. Escape</b>	<ul style="list-style-type: none"> <li>- Moving polluting activities to locations with less stringent regulations and/or monitoring.</li> <li>- Phasing out products or processes perceived as too</li> </ul>

		environmentally controversial.
<b>4. Defy</b>	<b>a. Dismiss</b>	<ul style="list-style-type: none"> <li>- Ignore environmental problems created by business activities.</li> <li>- Disregard as illegitimate the environmental protection requests and demands from government agencies, environmentalists, and other stakeholders.</li> </ul>
	<b>b. Challenge</b>	<ul style="list-style-type: none"> <li>- Actively refuse responsibility over environmental problems.</li> <li>- Dispute the legitimacy of regulators' enforcement activities with top government officials.</li> <li>- Question the authority of environmental inspectors during on-site visits.</li> </ul>
	<b>c. Attack</b>	<ul style="list-style-type: none"> <li>- Characterize environmentalists and government officials as radical left-wing irrational alarmists.</li> <li>- Aggressively condemn environmental regulations as communist type laws that are anti-economic growth.</li> <li>- Covertly assault environmental activists and government inspectors.</li> </ul>
<b>5. Manipulate</b>	<b>a. Co-opt</b>	<ul style="list-style-type: none"> <li>- Seek to neutralize different government officials and interest groups by using "legal incentives" such as donations, consulting jobs, board of director positions, etc.</li> <li>- Bribe politicians, government officials, and/or environmental activists.</li> </ul>
	<b>b. Influence</b>	<ul style="list-style-type: none"> <li>- Actively lobby policy-makers to diminish the importance and/or need of environmental protection by: <ul style="list-style-type: none"> <li>- Exaggerating high cost and technological challenges imposed by the adoption or enforcement of possible environmental regulations.</li> <li>- Reject scientific evidence and environmentalists' claims about the causes and severity of environmental problems.</li> <li>- Seeking to change the evaluation criteria used to assess environmental regulations and business environmental performance.</li> </ul> </li> </ul>
	<b>c. Control</b>	<ul style="list-style-type: none"> <li>- Seek dominance over environmental activists, policy-makers, and government inspectors by: <ul style="list-style-type: none"> <li>- Initiating bogus lawsuits against them</li> <li>- Covertly threatening violence and other illegal retaliation</li> </ul> </li> <li>- Aggressively funding friendly politicians, "environmental" groups, and scientists involved in the environmental policy process</li> </ul>

**TABLE 2**  
**Summary of Propositions**

<b>Political strategy</b>	<b>Policy process stages</b>				
	<b>Initiation</b>	<b>Estimation</b>	<b>Selection</b>	<b>Implementation</b>	<b>Evaluation</b>
Proactive beyond compliance					
Acquiesce					
Compromise			Balancing, pacifying and bargaining tactics (P4)		
Avoid				Concealment tactics (P5A)	
Defy	Dismissive tactics (P2)			Challenge and attack tactics if aggressive implementation (P5B)	
Manipulate		Influence tactics (P3)			Influence, co-optation and control tactics (P6)

**TABLE 3**  
**Summary of Propositions: Moderating Factors**

<b>Factor</b>	<b>Direction of moderation</b>
1. Country's democratic level	Positive (P7)
2. 1.1 Democracy's age	Positive (P8)
2. Upper middle GDP per capita	Positive (P9)
3. Regulation enforcement capacity.	Positive (P10)
4. Incentive based regulations	Positive (P11)