Environmental NGOs and Business:
A Grounded Theory of
Assessment, Targeting, and Influencing

Jamie R. Hendry

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ABSTRACT

This dissertation sought to develop a grounded theory explaining how ENGOs assess the environmental performance of firms, select target industries and firms, and influence those targeted industries and firms. A preliminary model based on research in the fields of social movements, neo-institutional theory, stakeholder theory, and corporate social performance was developed. The model contained 21 propositions: seven regarding assessment, nine regarding targeting, and five regarding influencing.

Interviews were conducted with 33 representatives of five ENGOs: Natural Resources Defense Council (NRDC), Greenpeace, Environmental Defense (ED), World Resources Institute (WRI), and Union of Concerned Scientists (UCS). NRDC and WRI served as pilot studies. NRDC, Greenpeace, and ED were considered case studies for the purpose of drawing inferences about the propositions. Insufficient interviews were conducted at WRI and UCS to draw inferences from them; however, data from these interviews was included in the dissertation to the extent it provided additional support for the inferences drawn.

Qualitative methods were used to analyze the data. Results regarding the propositions were presented, as well as additional findings going beyond the propositions. A grounded theory of how ENGOs assess, target, and influence firms was developed based on the results; a model to accompany the grounded theory was also developed.

ACKNOWLEDGEMENTS

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List of Abbreviations

AEI ....Alliance for Environmental Innovation
AEP ....American Electric Power
ARA ....Automobile Recycling Association
BC..............British Columbia
CDBM ....consensus-based decision making
CERCLA ....Comprehensive Environmental Response, Compensation, and Liability Act of 1980
CERES ......Coalition for Environmentally Responsible Economies
CGLG ....Council of Great Lakes Governors
CO_2 ....carbon dioxide
CEP ....corporate environmental performance
CSP ....corporate social performance
DDT ....dichlorodiphenyltrichloroethane
DNA ....deoxyribonucleic acid
DOE...........U. S. Department of Energy
ED..............Environmental Defense
EEOC ....Equal Employment Opportunity Commission
EHS ....environmental, health, and safety
EII ....Earth Island Institute
ENGO ....environmental non-governmental organization
EPA ....U. S. Environmental Protection Agency
FDA ....Food and Drug Administration
FOE ....Friends of the Earth
FP ....financial performance
FSC ....Forest Stewardship Council
GE ....General Electric
GE ....genetic engineering (or genetically engineered)
GM.............General Motors
GMO ....genetically-modified organisms
GPP ....Great Printers Project
GRI ....Global Reporting Initiative
ISRI............Institute of Scrap Recycling Industries, Inc.
KLD............Kinder, Lydenberg, Domini
MCP...........multistakeholder collaborative processes
MSD...........multistakeholder dialogue
NGO ....non-governmental organization
NO_X............nitrogen oxides
NRDC ....Natural Resources Defense Council
NTO ....Norm Thompson Outfitters
OSHA ....Occupational Safety and Health Administration
PCA ....Partnership for Climate Action
PETA ....People for the Ethical Treatment of Animals
PIA.............Printing Industries of America
PPA ....Pollution Prevention Alliance
RAN ....Rainforest Action Network
RCRA ....Resource Conservation and Recovery Act of 1976
SO_2 ....sulfur dioxide
SUV ....sport-utility vehicle
TRI.............Toxic Release Inventory
UCS...........Union of Concerned Scientists
UPS ....United Parcel Service
WFP...........Western Forest Products
WRI............World Resources Institute

Chapter I

The Research Problem

Introduction

> Procter & Gamble announced today that it will end the use of animal
> tests ..., except where required by law. This announcement covers
> roughly 80 percent of P&G's total product portfolio.... This decision is
> effective immediately in all countries where the company operates.
>
> - Procter & Gamble News Release, June 30, 1999

> (NOTE: Animal rights activists had worked for well over a decade to
> get Procter and Gamble to stop testing their products on animals.
> Dozens, perhaps hundreds, of groups and individuals maintained
> websites protesting the company's practices.)

> Home Depot ... will phase-out sales of so-called 'old growth' wood in
> 2002.... "This is not in response to … any extreme group," said Arthur M.
> Blank, the chief executive and president of Home Depot. The San
> Francisco-based Rainforest Action Network and other environmental
> groups have held demonstrations over the past two years at several
> Home Depot stores... [and] have picketed several zoning commission
> meetings where Home Depot building permits were being discussed.
>
> - Associated Press, August 27, 1999

> Frito-Lay Inc. is telling its suppliers that it will stop using genetically
> altered corn. The American Farm Bureau Federation…accused Frito-Lay
> of caving in to anti-biotech activists…. Greenpeace and the Union of
> Concerned Scientists applauded the decision. Greenpeace had lobbied
> Frito-Lay's parent Company PepsiCo to stop using biotech crops in its
> products. A spokeswoman for Frito-Lay said the company was acting in
> response to consumers' worries and not to protests by Greenpeace and
> other groups.
>
> - Associated Press, February 1, 2000

The above quotations evidence just three of the many instances in which
environmental non-governmental organizations (ENGOs) have succeeded in
influencing the operations of business firms. With the rise of both external and

internal pressure on firms to be more environmentally responsible, many business managers have attempted to measure their firms' environmental impacts and report them to the public. Business and society researchers, aware that corporate impacts on the natural environment have increasingly attracted the public's attention in the last 30 years, have focused on three related areas of study: a) motivations that corporate managers have for taking actions that may jeopardize the natural environment, b) motivations that corporate managers have for taking actions which conserve resources and protect the natural environment, and c) specification of appropriate metrics to capture corporate environmental performance. However, few researchers or business people have endeavored to understand how ENGOs evaluate corporate environmental conduct, how they decide which companies to try to influence, and how they select influence tactics. For example, what put Home Depot on the Rainforest Action Network's radar screen? How did ENGOs decide to work on getting Frito-Lay to change rather than Kraft? And what tactics were ultimately successful in persuading Procter and Gamble to alter their behavior?

Although businesses once could ignore most, if not all, environmental activists, recent indications are that firms do so today at their peril. The suggestion that a company's actions pose a threat to human health or the natural environment can have long-term consequences for the firm's reputation. Firms not proactive in such situations may find themselves shouldering significant corporate damage-control expenses. Only by understanding activists' concerns and what they consider red flags can the firm develop a reasonable environmental policy and strategy.

At the same time, ENGOs would like to see environmental progress made more quickly and efficiently. Local, regional, and smaller national ENGOs, frustrated by severely restricted funding and human capital, could likely benefit from learning the techniques of their successful national and international

colleagues. What stances do successful ENGOs take toward business? How do successful ENGOs select companies to influence? And how do ENGOs select influence strategies that will achieve the desired goals in spite of limited resources?

To date, organizational scholars have had little to say about how activists evaluate companies or what leads them to target those companies. Institutional theorists (e.g., DiMaggio & Powell, 1983) have indicated that particular organizations respond to outside forces. However, these forces have been operationalized almost solely as government (coercive isomorphic pressure) and peer organizations (mimetic isomorphic pressure). Stephens and Bezold (1998) contend that a panoply of isomorphic forces – including activist groups – exist. Yet, few researchers have attempted to determine *why* these outside forces would exert pressure on a *specific* organization. Scholars in corporate social performance have tried to measure the responses of firms to such pressures, but other than some investigation into social/ethical investors (e.g., Wokutch, 1982), CSP researchers have not focused much on who besides academics is concerned about firms' responses and attempts to measure them. Stakeholder theorists have indicated that companies need to understand their impacts on stakeholders as well as the demands of their stakeholders, yet only a few articles have addressed why stakeholders focus their efforts on influencing particular firms (e.g., Frooman, 1999; Rowley & Berman, 2000).

This dissertation explores the flip side of strategic stakeholder theory in an attempt to fill in these missing pieces: instead of viewing the world from the standpoint of corporate managers, it takes the perspective of environmental stakeholders. It uses grounded-theory methodology to address the following questions:

1. How do ENGOs evaluate corporate environmental performance?
2. How do ENGOs select companies to target?

   3. How do ENGOs choose tactics to influence those companies?

Theoretical Background

Four streams of literature touch centrally on these questions: social movements theory (especially the portion addressing environmental activist organizations), neo-institutional theory, stakeholder theory, and corporate social performance (CSP).

Social Movements Theory

As Stephens and Bezold (1998) and Bezold and Freeman (1998) pointed out, since the early 1900s, activist stakeholder organizations have influenced governmental bodies and, often indirectly, corporations. For example, the civil rights movement enabled the passage of the Civil Rights Acts; the women's movement enabled the passage of EEOC regulations; and the labor movement enabled the creation of OSHA and the passage of related regulations. Two early and lasting definitions of social movements are 1) a systematic effort by a group to change social relationships (King, 1969) and 2) a group that behaves "with some continuity to promote or resist a change in society or a group of which it is a part (Turner & Killian, 1969: 3). Further, as noted by Hills (1998: 1463), "The driving force behind most social movements is usually highly personalized, strongly felt beliefs about the nature of oppression in society. Individuals align themselves to a particular cause, often initially at a grassroots level."

Sociologists have developed numerous theories of social movements – such as state transformation theory (Quadagno, 1992), resource mobilization theory (McCarthy & Zald, 1977), and the political process model (McAdam, 1983) – to explain how groups with concerns about specific social issues are able, despite appearing to be in inferior power positions, to influence other organizations. In developing these theories, researchers typically examine particular social movements, including particular elements within those movements (e.g., Potter,

2001, examined modern unionism in the U.S.; Nathanson, 1999, reviewed the anti-smoking and anti-gun movements in the U.S.; Houtzager, 2000, studied social movements in rural Brazil during the country's political transition). Many researchers have examined various aspects of the environmental movement, which is the focus of this dissertation.

The Environmental Movement

Numerous social movements – such as women's rights, black rights, and gay rights – trace their roots to the 1960s, and the environmental movement is no different. That Rachel Carson's *Silent Spring,* published in 1962, spurred activism against DDT and other toxic chemicals is largely due to the rise in the American social consciousness. The level of participation in the first Earth Day, held in April 1970, provided ample evidence that the environmental movement was a force to be reckoned with. Almost concurrently, the Congress and the President took notable legislative and regulatory action to begin protecting important portions of the U.S. environment. This push continued throughout the 1970s: nearly 20 major pieces of federal legislation – including that creating the Environmental Protection Agency – and dozens of state regulations were passed during the "environmental decade" (Kraft & Vig, 2000).

The 1980s brought a substantial setback to the environmental movement, however: with Ronald Reagan in the White House, virtually all federal regulations underwent reevaluation, and many were repealed or substantially weakened. Political infighting broke out among environmental organizations, as they struggled to determine how to fight many battles on many fronts with highly limited resources. New organizations sprang up, existing organizations fractured, and an increased radical presence established itself (Kraft & Vig, 2000; Rosenbaum, 1998).

As the 1990s dawned, George Bush's presidency began to soften the federal government's anti-environmental stance, and Bill Clinton's presidency continued in this vein (Kraft & Vig, 2000; Rosenbaum, 1998). Although sometimes critical of each other's tactics, environmental organizations often developed coalitions to work toward similar goals. With a new and notoriously anti-environmental President, George W. Bush, at the helm of the U.S. government, environmental organizations brought this spirit of cooperation to the dawn of the new millenium, as well as the spirit of competition and critique. However, in the wake of the election of President George W. Bush and the concerns about American dependence on Middle Eastern oil, environmentalists are again finding themselves in a position of having to defend regulations passed and regulations reaffirmed over the preceding decade.

Authors have investigated the environmental movement, variously characterizing its members, member organizations, motivations, and activities. Grassroots organizations, for example, tend to grow up around a compelling and immediate issue (Cohen, 1998). Because they are generally small organizations, they often turn to public protests as a means of getting the attention of influential officials, and they sometimes learn to develop coalitions with larger, more experienced groups in order to achieve their goals.

The most recognizable ENGO forces are national, membership-based organizations, such as the Natural Resources Defense Council (NRDC), Environmental Defense (ED, formerly known as the Environmental Defense Fund), and Sierra Club, as well as smaller, similarly structured ENGOs, such as Union of Concerned Scientists and Rainforest Action Network. Each of these national ENGOs depends for its success on high levels of financial support, expertise, and sterling reputations (Bosso, 2000; Gormley, 1983). They compete with highly regarded international ENGOs, such as Greenpeace and Friends of the Earth, for both membership revenues and knowledgeable staff.

ENGOs employ a wide range of strategies for assuring the protection of the natural environment. For example, ENGOs at the most radical end of the political spectrum – such as the Environmental Liberation Front and EarthFirst! – are often willing to destroy private property and risk harming humans to prevent others from damaging the natural environment. Non-violent direct actions – such as protests, boycotts, and blockades – are employed by some mainstream ENGOs (e.g., Greenpeace, Friends of the Earth), while most of the dominant, national, membership-based ENGOs use less confrontational tactics to achieve their goals. Initially, national ENGOs focused almost exclusively on lobbying efforts, but they have greatly expanded their range of actions in recent years, pursuing practical solutions within existing governmental and social structures and often forming coalitions with each other or bargaining with businesses (Rosenbaum, 1998).

In the 1980s and 1990s, multistakeholder dialogues (MSDs) became popular in the environmental community, bringing together companies, governments, labor, and others to develop consensus solutions (Driscoll, 1996; Long & Arnold, 1995; Pasquero, 1991; Pellow, 1999; Susskind & Cruikshank, 1987; Turcotte, 1997). Businesses were willing to participate because they were becoming increasingly convinced that society was no longer going to allow them to continue to be intransigent. ENGOs were willing to participate because they believed these dialogues leveled the playing field, putting ENGOs on even footing with that of businesses, governmental bodies, and others; in addition, ENGOs sometimes found MSDs easier and more productive than lobbying. Nevertheless, results were mixed, and ENGOs continue to pursue many other means of influencing corporations in addition to MSDs.

Clair, Milliman, & Mitroff (1995) specifically looked at collaborative efforts between businesses and environmental organizations and discovered a number of factors crucial for assuring the success of the collaboration. Turcotte (1995)

examined and categorized numerous other types of interactions between businesses and ENGOs, such as boycotts of firms organized by ENGOs, philanthropic contributions by firms to ENGOs, and environmental audits of firms by ENGOs. Turcotte observed that sometimes two different and apparently opposed relationship types between the same two organizations can be experienced at once, likely resulting from the fact that neither businesses nor ENGOs are monolithic.

Neo-Institutional Theory

DiMaggio and Powell (1983; Powell & DiMaggio, 1991) noticed that organizations across a wide range of industries tended to be structured similarly and that this resemblance was particularly striking among organizations in the same organizational field. The authors identified three mechanisms to explain this homogeneity, which they term isomorphism: coercive, normative, and mimetic forces. Coercive isomorphism is homogeneity typically operationalized as resulting from governmental pressures; normative isomorphism results from value-driven pressures by professionals within the organization; and mimetic isomorphism derives from imitation of other organizations in the focal organization's field.

Several researchers (e.g., Bezold & Freeman, 1998; Stephens & Bezold, 1998; Tolbert & Zucker, 1994) have suggested that these forces have been conceptualized too narrowly in the neo-institutional theory literature. For example, powerful suppliers may compel the adoption of certain purchasing procedures; powerful customers may require extensive merchandising and training services; powerful unions may force re-negotiation of contracts on an annual basis. Despite the fact that DiMaggio and Powell did not <u>operationalize</u> coercive isomorphic pressure this broadly, these expanded operationalizations are entirely consistent with the authors' <u>conceptualization</u> of coercive isomorphic pressure as that resulting from forceful external actions. So are the pressures

that activist organizations exert via such "corporate campaign" tactics as boycotts, protests, and shareholder resolutions.

Activists also can be identified as exerting normative pressure. Until about 30 years ago, companies did not have professionals dedicated to monitoring environmental data or providing information on health and safety. Today, however, Environmental, Health & Safety (EHS) departments staffed with environmental professionals abound in large corporations. This is largely the result of environmental activist organizations pressuring government to enact regulations that require businesses to act in ways that recognize the importance of public health and environmental protection – values not historically associated with profit-seeking enterprises. The activist-motivated hiring of environmental specialists fits DiMaggio & Powell's (1983) operationalization of normative isomorphism as stemming from professionals within the organization. Moreover, the normative convictions of activists – namely, their environmentalist values – led activists to engage in the coercive activities mentioned above.

Although activists are not the immediate source of mimetic pressure, structural changes by some companies in a field arise as a result of activists applying coercive and normative pressure. Mimetic forces – on their own or combined with the coercive and normative forces applied by activist groups – propagate similar changes throughout the industry.

While neo-institutional theory implicitly grants the possibility that activists are able to apply pressure to corporations, it does not address the motivation of activists – or any other stakeholder constituent, for that matter – to exert pressure, nor does it look at the stakeholder's choice of organizations to be pressured or its determination of the way in which the pressure will be applied. This dissertation will begin to address those precursors and decisions.

Stakeholder Theory

Although managers have long been aware of the importance of understanding and responding to various constituencies in their social environments, the use of the term "stakeholder" came to prominence only with the publication of Freeman's *Strategic Management: A Stakeholder Approach.* Because a key requirement for following a strategic stakeholder approach required that managers identify specific stakeholders and/or stakeholder groups, Freeman defined organizational stakeholders as "those individuals or groups which can affect or are affected by the achievement of the organization's objectives" (1984: 46). Given that such a broad definition could include virtually every person and group imaginable, a struggle has ensued to determine an appropriate method for identifying relevant stakeholder candidates.

When making strategic decisions today, the stakeholders considered most important by business managers generally consist of: customers, including distributors, retailers, and end-users; employees, including managers and unions; suppliers, including stockholders and other suppliers of capital; the communities in which the business operates; and competitors. However, some managers and academics have pointed out that companies faithfully adhering to this list risk neglecting some groups of growing influence, such as activists, thereby exposing themselves to potential conflicts. In addition, business and society scholars suggest that there are other stakeholders that merit ethical consideration, regardless of their potential power over the focal organization.

A primary conclusion voiced by many participants in the Toronto Conference organized by Max Clarkson in 1995 was the importance of managers' directly interacting with stakeholders, rather than simply imagining they know what stakeholders want and need. However, few scholars in stakeholder theory (with the notable exception of those studying MSDs) have made direct contact with stakeholders. Doing so will be one contribution of this dissertation.

Two recent stakeholder theory pieces have proven potentially useful for my research: Mitchell, Agle, and Wood (1997) and Frooman (1999). Mitchell, Agle, and Wood describe three factors, each a continuum that managers can use to help them prioritize stakeholders: power, legitimacy, and urgency. Stakeholders possessing only one of these are least likely to achieve prioritization by firms; those possessing two are more likely to be considered; and those possessing all three are likely to command precedence over other stakeholders. Although this is straightforward stakeholder theory and resource dependence theory (Pfeffer & Salancik, 1978) – that is, it is viewed from the perspective of managers – one could conceive of *stakeholders* as having similar means of prioritizing *firms* which they may consider trying to influence. This will be one focus of my investigation.

Frooman's (1999) was the first article that adopted the perspective of the stakeholder. The author noted how the Earth Island Institute used StarKist's customers to encourage the company to make their suppliers change their methods of tuna fishing. Frooman used the example to identify and clarify strategies that stakeholders (including, most notably, activists) can employ to influence companies effectively. The present research will attempt to investigate Frooman's propositions empirically, as well as to extend his theory.

Corporate Social Performance

The concept of corporate social performance (CSP) has been a dominant portion of business and society literature since its inception. Scholars have developed several models of CSP incorporating a wide variety of categories, such as corporate social responsibility, corporate social responsiveness, social issues, stakeholders, issues management, programs and projects, and measurement of the ultimate outcomes of various types of activity (Carroll, 1979; Sethi, 1975; Swanson, 1997; Wartick & Cochran, 1985; Wood, 1991). Many researchers have sought to correlate CSP with financial performance (FP), endeavoring to develop non-ethical justifications for good social behavior on the

part of corporations by noting that companies "do well by doing good."
Quantifying CSP has been a challenge, however: most researchers have
selected numeric proxies that seem to denote at least some aspects of CSP, yet
all these proxies have been found wanting upon further investigation.
Interestingly, almost no research has been done attempting to determine whether
"experts" in various types of CSP – i.e., activist organizations – believe that any
of these proxies do a good job of capturing the concept as a whole.

Managers are apparently no more attuned than academics to what CSP
means to stakeholder groups. Sonnenfeld (1982) surveyed managers about the
CSP of their firms; stakeholders were also surveyed about these firms' CSP. No
correlation between managers' and stakeholders' responses was observed;
managers clearly had no idea what stakeholder priorities were or how
stakeholders evaluated a company's conduct. Sonnenfeld's findings further
support this dissertation's objective of discovering how ENGOs assess and
influence businesses.

Recently, Rowley and Berman (2000) noted that CSP was likely to be
correlated with FP only when stakeholders took action against companies whose
social performance they deemed poor. Thus, the researchers tried to determine
what conditions would prompt a stakeholder to target a company for some sort of
action that could have negative or positive financial consequences. In other
words, Rowley and Berman attempted to imagine the stakeholders' perspectives,
instead of the traditional managerial perspective. The authors drew on existing
theoretical literature to suggest a number of factors that likely play a role in
stakeholders' targeting decisions.

This dissertation can make a contribution by seeking empirical evidence to
support or dispute Rowley and Berman's unstated propositions (detailed in
Chapter II of this dissertation). But I propose to go further: Although Rowley and
Berman addressed the targeting choice, their article did not address the process

of evaluating the CSP of the target, which could be a major determinant of the targeting choice.

A Model of Corporate Environmental Performance Evaluation

My 1999 model of corporate environmental performance evaluation was based on my study of CERES (Coalition for Environmentally Responsible Economies) – a multistakeholder forum comprising social investment firms, non-governmental organizations (NGOs), businesses, and others. Noting that CERES members – mostly social investment firms and ENGOs – had originally developed the CERES standardized report format, I reasoned that it must include information that they believed would help in evaluating corporate environmental performance. I separated the types of information requested into several categories: performance data resulting from routine operations; details of routine procedures and processes; performance data resulting from special projects and programs; other information on special projects and programs; and information about corporate environmental policies and principles guiding the company's environmental activities. I determined that ENGOs and social investment firms wanted not only to measure the company's current environmental impact via the hard data, but also to get a sense of the company's underlying stance toward the natural environment – via the qualitative information about processes, projects, programs, policies, and principles – so that they could determine the company's likely future environmental impact. Further, I proposed that ENGOs would target those firms whose future environmental impact, based on these factors, was likely to be greatest. The propositions related to this theorizing are listed in Chapter II of this dissertation.

Concerns raised during the GRI (Global Reporting Initiative) Symposium in 2000 cast significant doubt on my hypothesized model. Representatives of various international NGOs (non-governmental organizations) gathered separately, voicing their frustration and concern that GRI (an outgrowth of

CERES that seeks to provide an internationally acceptable format for reporting social, economic, and environmental performance) was ignoring their perspectives. Yes, they wanted information from corporations so that they (and others) could evaluate corporate impact; but the information requested by the GRI format was inadequate. Some NGOs thought that the requested information was useless, and that they themselves had "better" ideas about what was needed. Other NGOs wanted different metrics used. Still other NGOs thought the information requested was fine, as far as it went, but incomplete. This experience convinced me of the importance of learning how these activist organizations go about evaluating businesses and led me to believe that a direct field study of ENGOs was the best route to obtaining valid data that could lead to the development of a grounded theory explaining how activist organizations evaluate the environmental performance of particular firms.

Locating this Dissertation in the Literature

In summary, four streams of literature touch centrally on the questions this dissertation addresses. Social movements literature has described the characteristics and operations of environmental organizations, and some attention has been paid to their interactions with businesses. Yet little work has been done on ENGOs' evaluations of businesses, and most of the investigations regarding strategies have centered on collaborations and multistakeholder dialogues. Neo-institutional theory speaks to the pressures organizations face to structure themselves like others in their organizational field; while some researchers have indicated that activist organizations may pressure businesses, none have yet investigated the motivations or strategies for applying such pressure. Theoretical suggestions have been made within the stakeholder theory literature regarding the relationships among stakeholders and businesses and the ways in which stakeholders would rationally attempt to influence businesses; empirical research to verify these theories has been scant to date. Lastly, the

literature on corporate social performance (CSP) addresses ways of measuring CSP; researchers have studied the ways specific stakeholders (e.g., stockholders) evaluate CSP, but no research has studied ENGO evaluations.

Research Contribution

Corporate executives have mainly thought of activists (other than terrorists) as annoyances who might, at worst, attempt to influence the regulatory process through lobbying activities (Dobbin, Sutton, Meyer, & Scott, 1993; Sutton, Dobbin, Meyer, & Scott, 1994; Edelman, 1990, 1992; Sutton and Dobbin, 1996). However, recent events indicate that activists' power may be growing; in fact, they are beginning to influence key strategic decisions in corporations. The power of <u>environmental</u> NGOs seems to be particularly strong, and this is a primary reason for my decision to focus on them. Understanding the interests and vantage point of increasingly powerful ENGOs could be crucial for creating workable environmental policies in many companies, yet developing a useful level of understanding given the sheer number and variety of ENGOs would seem to present a significant challenge for managers.

Similarly, as environmental concerns become more salient to citizens, ENGOs proliferate. Some are certainly more successful than others at influencing business firms. Thus, the results of this research may also be of interest to those ENGOs seeking to do a better job of getting companies to change environmentally harmful aspects of their businesses.

This dissertation develops a grounded theory concerning the ways ENGOs evaluate the environmental performance of particular firms, target particular firms, and develop strategies for influencing particular firms. I hope that business managers and activist leaders alike will be able to use this theoretical perspective to better understand how successful activists evaluate and make decisions about businesses.

Organization of the Dissertation

Chapter II provides a more detailed review of the relevant literature regarding the relationships between particular businesses and particular activist organizations, explaining existing theories, important concepts, and key terms. It also highlights how the existing theories fail to address these relationships from the perspective of activist organizations, leaving a gap which this dissertation seeks to fill. Based on the literature, the chapter delineates the propositions which initially formed the basis for this research.

Chapter III explains why I chose to use grounded-theory and case-study methodology, provides detail regarding grounded theory and an overview of case study methodology, discusses multiple units of analysis typically encountered in case studies, presents the means by which I selected ENGOs for inclusion in my study and gained access to subjects, and describes how I used the data gathered to develop an explanatory grounded theory of ENGOs' assessment, targeting, and strategizing to influence particular firms.

Chapter IV provides overviews of each ENGO in the sample, including their founding dates, office locations, sources of funding, number of staff members, and position on the political spectrum.

Chapter V uses the interviewees' words to describe instances in which ENGOs assessed, targeted, and attempted to influence particular businesses.

Chapter VI discusses the findings regarding the propositions developed in Chapter II, as well as findings that go beyond the propositions. Chapter VI then elucidates the grounded theory whose development was the goal of this dissertation.

Chapter VII discusses ramifications of my findings, formulates conclusions, discusses limitations, and makes suggestions for related research in the future.

Chapter II

Literature Review and
Proposition Development

Introduction

In considering how ENGOs evaluate, target, and attempt to influence firms, I explored four prominent streams of research literature: 1) social movements theory and the literature on the environmental movement, 2) neo-institutional theory, 3) stakeholder theory, and 4) corporate social performance.

Social Movements Theory

In the sociology literature, social movements have been described as group-based, coordinated attempts to change relationships among people and social institutions (King, 1969) and as groups that act steadily "to promote or resist a change in society" (Turner & Killian, 1969: 3). Further, as noted by Hills (1998: 1463), "the driving force behind most social movements is usually highly personalized, strongly felt beliefs about the nature of oppression in society. Individuals align themselves to a particular cause, often initially at a grassroots level."

For over a century, activist stakeholder organizations have acted within the context of social movements, finding ways to influence legislation and regulation. Thus, they have indirectly impacted corporate behavior as well, as was indicated by Stephens and Bezold (1998), among others. For example, corporations have adopted extensive safety and health procedures in order to comply with OSHA regulations, which came about largely as a result of lobbying by labor interests; corporations have developed extensive training programs for those who hire employees in order to assure they comply with EEOC regulations, primarily a consequence of lobbying by women's and civil rights organizations.

Sociologists have developed numerous theories to explain how social movement groups with concerns about specific social issues are able, despite appearing to be in inferior power positions, to influence other organizations. For example, resource mobilization theory (McCarthy & Zald, 1977) suggests that the creation of formal organizations whose goals are directed at specific concerns of a given social movement enable that movement to effect social change. On the other hand, the political process model (McAdam, 1983) focuses on the ways in which community members network to form grassroots organizations, and those grassroots organizations further network to develop a resource base that permits the movement to effect social change. A third example is state transformation theory (Quadagno, 1992), which theorizes that governments sometimes promulgate legislation and associated institutional structures (e.g., agencies) in response to the demands of previously marginalized groups.

In developing these theories, researchers typically examine particular social movements, and often particular elements within those movements. For example, Potter (2001) examined modern unionism in the U.S.; Houtzager (2000) studied social movements in rural Brazil during the country's political transition; Nathanson (1999) reviewed the anti-smoking and anti-gun movements in the U.S. One of the social movements which sociologists have studied is the environmental movement, the focus of this dissertation.

The Environmental Movement

<u>History of the Environmental Movement</u>

Although legislation affecting the natural environment has been a part of North American political history since the 1600s (Andrews, 1999), the modern U.S. environmental movement typically traces its roots to Rachel Carson's publication of *Silent Spring* in 1962. The rising of the American political and social consciousness portended by the civil rights, women's rights, gay rights, and other similar movements of the 1960s created an ideal atmosphere for

people's greater awareness of the impacts humans were having on the natural environment. The success of the first Earth Day, held April 22, 1970, substantiated the widespread support of the movement by the American public.

The National Environmental Policy Act, passed by Congress in 1969 and signed into law by President Richard Nixon in 1970, provided ample evidence that at least some portions of the legislative agenda of the movement were being embraced by the U.S. government. Nixon created the Environmental Protection Agency in 1970 and proclaimed the 1970s the "environmental decade" (Kraft & Vig, 2000), an assertion borne out by the fact that nearly 20 major pieces of federal environmental legislation – including the Clean Air Act Amendments of 1970 and 1977, the Endangered Species Act of 1973, the Resource Conservation and Recovery Act of 1976 (RCRA), and the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) – were passed in that decade (Kraft & Vig, 2000). The EPA was not the only federal agency endowed with responsibilities for environmental legislation, however: the Departments of the Interior, Agriculture, Commerce, Energy, Transportation, and others also oversee the enforcement of important pieces of environmental regulation.

A substantial slowdown in the environmental movement occurred in the 1980s, with the ascent of Ronald Reagan to the Presidency. With virtually all federal regulations undergoing reevaluation, environmentalists expended most of their time and energy trying to prevent the repeal of those laws that had been passed in the 1970s. Still, these struggles galvanized the movement in many ways, and environmentalists entered the 1990s with strong resolve to continue their battles.

There was some softening of the executive branch's anti-environmental stance when George Bush became President, followed by a second wave of environmental protection legislation accompanying Bill Clinton's Presidency.

Thus, the U.S. government moved back into somewhat greater alignment with the desires of the environmental movement over the course of the 1990s (Kraft & Vig, 2000; Rosenbaum, 1998). However, in the wake of the election of President George W. Bush and the concerns about American dependence on Middle Eastern oil, environmentalists at the start of the new millennium are finding themselves again in a position of having to defend regulations passed and regulations reaffirmed over the preceding decade.

<u>Characterizing Environmental Organizations</u>

Previous researchers have investigated the environmental movement and variously characterized its member organizations. Thinking geographically, ENGOs can be characterized as "grassroots," "national," or "international." Grassroots organizations tend to grow up around a local concern, such as preserving a river or wetlands (Cohen, 1988); they are generally staffed by volunteers. The success of grassroots efforts typically depends on having a compelling and immediate issue, such as the Clamshell Alliance's formation to block the siting of a nuclear power plant in New Hampshire (Cohen, 1988). Grassroots activists recognize the need for information, so they research areas such as corporate plans, likely impacts on local communities, and benefits of the project. In this way, activism spurs research, which symbiotically spurs activism. Small and relatively powerless groups often turn to public protests as a means of getting the attention of influential officials so that they can provide them with the information they have unearthed. Eventually, small groups find that developing coalitions with larger, more experienced groups improves the likelihood their goals will be realized (Louie, 2001).

National organizations, by definition, focus on the regional and national manifestations of issues. To Americans, the most recognizable ENGO forces are national, membership-based organizations, such as the Natural Resources Defense Council (NRDC), Environmental Defense (ED, formerly Environmental

Defense Fund), and Sierra Club. Smaller, similarly structured ENGOs, such as Union of Concerned Scientists and Rainforest Action Network, also attract attention. Each of these national ENGOs depends for its success on high levels of financial support and expertise, as well as sterling reputations (Bosso, 2000; Gormley, 1983); so they boast big budgets and correspondingly large fund-raising efforts (Bosso, 2000). Most of these organizations depend on efficiency and rational decision making, which often leads them to form coalitions with each other or to bargain with businesses (Rosenbaum, 1998).

Highly regarded international ENGOs, such as Greenpeace and Friends of the Earth, compete with national organizations for both membership revenues and knowledgeable staff. International organizations are thought of as those which contend with issues that transcend countries' boundaries. However, national ENGOs also often work on selected issues at the international level. Further, national and international ENGOs often collaborate on campaigns, and both national and international ENGOs have benefited by using grassroots organizations and have spawned their own grassroots activist organizations (Bosso, 2000; Rosenbaum, 1998). Thus, the boundaries between grassroots, national, and international environmental organizations are blurry.

Researchers have also categorized environmental organizations based on their position in the political spectrum. Such characterization can be somewhat fraught with danger, however, as Makower (1993) pointed out:

> Experience has shown that – to paraphrase a well-known sports caveat – on any given day, any environmental group can beat its opponent. The Sierra Club's so-called moderates, for example, can effectively raise hell in the media over a wide range of matters, taking a no-compromise position on an issue such as saving the spotted owls of the Pacific Northwest.

Still, organizations within the movement can be roughly divided into two groups: 1) the ideological mainstream, and 2) radical environmentalists. Describing the ideological mainstream, Rosenbaum (1998) says,

The movement's dominant ideological and political style has been crafted by pragmatic reformers, the largest, most politically active and publicly visible organizations represented by national groups (1998: 30).

The movement's national leadership is concentrated in a small number of highly visible, politically skilled, and influential organizations. Most of these are included in the Group of Ten, [including] National Wildlife Federation, Sierra Club, National Audubon Society, Wilderness Society, Friends of the Earth, Environmental Defense Fund, National Parks and Conservation Association, the Izaak Walton League, the Natural Resources Defense Council, and the Environmental Policy Institute (1998: 35).

Of radical environmentalists, Rosenbaum (1998) says the following:

Militant and alienated from the movement's organizational mainstream, radical environmentalism emerged in the 1980s among environmentalists disillusioned with establishment styles and accomplishments. ...

Radical environmentalists favor "direct action" tactics, including the street politics of civil disobedience, nonviolent demonstrations, and political obstruction. To environmental radicals, the harassment of commercial whaling vessels on the high seas by Greenpeace protest vessels, carefully orchestrated to attract media attention worldwide, was better politics than the inhibited, reformist style of the mainline organizations (1998:33).

Rosenbaum (1998) goes onto mention EarthFirst! and the Sea Shepherd Society as other radical environmentalist groups.

ENGO Activities vis-a-vis Business

In the 1980s and 1990s, a new technique became popular in the environmental community: National and grassroots environmental organizations often found themselves working together on multistakeholder dialogues (MSDs). Scholars in both business and society and organizations and the natural environment have profiled MSDs in case-study research, referring to the multistakeholder operations variously as consensus-based decision making (CBDM; Pellow, 1999), multistakeholder collaborative processes (MCP; Turcotte, 1997), supraorganizational collaboration (Pasquero, 1991), and multistakeholder negotiations (Driscoll, 1996). MSDs bring together companies, governments,

labor, and others to develop consensus solutions. Goals of multistakeholder dialogues include improving both quantitatively measurable environmental impacts, such as toxic releases and air emissions, and more qualitative considerations, such as relationship-building and developing effective corporate structures to address environmental issues.

Pellow noted three reasons why activist organizations participate in MSDs: 1) "because it attempts to equalize power among participants possessing vastly unequal resources" (1999: 194); 2) "to diversify tactics to overcome the disadvantages of traditional conflict organizing in an increasingly conservative and anti-ecological political economy" (1999: 194); and 3) because "the alternatives to the multistakeholder process look less and less appealing – for example, fighting over legislation in a conservative environment" (1999: 196). Long and Arnold (1995) suggested that MSDs were yet another response to the desire of ENGOs to find practical ways to achieve environmental progress acceptable to businesses. Notably, the emergence of MSDs also demonstrated the recognition by businesses that firms were becoming less and less able to dictate terms or develop behind-closed-doors solutions, as society simply was no longer going to tolerate that posture (Susskind & Cruikshank, 1987).

Corporate-stakeholder interactions have not been limited to MSDs, however. Clair, Milliman, & Mitroff (1995) specifically looked at collaborative, non-consensus-based efforts involving businesses and environmental organizations. Holding similar eco-philosophies, seeking similar end-states, desiring comparable outcomes for the relationship, having leader support and adequate infrastructure, possessing an openness to self-examination, being willing to communicate, and making long-term commitments all seem key for successful collaborations. Yet ENGOs that participate in collaborations do not pursue them single-mindedly: These ENGOs recognize the importance of using various methods of advocacy for achieving environmental progress, and they also realize

that employing diverse approaches allows for a more efficient division of labor among activists.

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FIGURE II-1
Types of Interactions Between Businesses and NGOs
(from Turcotte, 1995)

<u>General Type</u>	<u>Category</u>	<u>Definition</u>
Conflict	Traditional	Lobbying by an environmental group to constrain a company or industry
Conflict	Boycott	Intercessions by an environmental group thru the consumer to limit the market of a company or industry
Mixed	Stakeholder	Ally with a stakeholder of a firm to constrain or influence the firm
Collaboration	Forced	Government imposes an audit by an environmental group of a firm
Collaboration	Induced	Government creates forums, committees, programs where environmental groups and firms participate
Collaboration	Philanthropy	Firm donates funds to environmental group or environmental research group
Collaboration	Natural Alliances	Common interests between environmental groups and firms yield relationships which give rise to alternatives less harmful to the environment

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Turcotte (1995) pointed out that, while business policy literature suggests that collaborations between business and environmentalists results from firms' rationally accepting environmentalists' demands, business and society literature suggests collaborations are ineffective for achieving real goals and that they represent instead inaction and the cooptation of environmentalists. Turcotte suggests that this apparent conflict may simply have to do with the types of relationships each field has chosen to investigate. Turcotte went beyond collaborations, examining and categorizing additional types of interactions between businesses and ENGOs (see Figure II-1). She sorted interactions into three general types along a continuum: conflict, mixed, and collaboration. On occasion, Turcotte observed two different and apparently opposed relationship types among the same two organizations at the same time. She suggested that

environmental organizations were not homogeneous in their approaches, nor were businesses; as another researcher commented, "[T]hose who believe that corporations run America should keep in mind that corporations do not always agree. Detroit Edison is a powerful company, but it sometimes finds itself at odds with General Motors and Dow Chemical" (Gormley, 1983: 142). As I developed grounded theory in this dissertation, I revisited Turcotte's categorization, as well as revisit the conclusions that Clair, Milliman, & Mitroff (1995) derived from their research.

Neo-Institutional Theory

Organizational structures and behaviors among organizations that interact with each other are often strikingly similar, regardless of industry. Endeavoring to account for these similarities, neo-institutional theorists have suggested they result from both external and internal pressures on firms. DiMaggio and Powell (1983) identified three mechanisms behind these similarities: coercive, normative, and mimetic isomorphism. Each seems a reasonable explanation of how NGOs impact corporate activities, yet none of the usual operationalizations of the three forces has suggested NGOs are involved in any way.

According to DiMaggio and Powell, coercive isomorphism results from coercive pressure applied by those having a "direct authority relationship" with a focal organization (1983: 151). Weber (1978, orig. 1910) noted that authority is the result of an actor possessing both power and some form of legitimacy. Regulatory bodies clearly possess authority: Society creates them, thereby legitimizing them, and provides them with police power. Therefore, although some researchers suggest that collusion between regulators and businesses negates any coercion taking place (Edelman, 1990, 1992; Sutton and Dobbin, 1996; Sutton, Dobbin, Meyer, & Scott, 1993, 1994), coercive isomorphism has most often been identified as arising from government regulatory pressures.

However, other researchers (Bezold & Freeman, 1998; Pfeffer & Salancik, 1978; Stephens & Bezold, 1998; Tolbert & Zucker, 1994) recently have suggested that organizations other than governmental bodies wield coercive pressure. Stephens and Bezold (1998) suggested that neo-institutional theory would be more complete if it were augmented with some aspects of stakeholder theory. For example, pressure can be exerted by powerful suppliers, who refuse to provide their products to companies not following their specified ordering procedures, or powerful customers, who require timely, efficient, and extensive customer service. Society confers legitimacy on these powerful institutions because it recognizes the necessity for large suppliers and customers to have set requirements for those with whom they do business, particularly when efficiency considerations (efficiency being a primary objective of business) dictate having long-term relationships with these other entities.

Researchers have suggested that activists can administer coercive pressure (Bezold & Freeman, 1998; Stephens & Bezold, 1998; Tolbert & Zucker, 1994). DiMaggio and Powell define coercive isomorphism as resulting from "pressures exerted on organizations by other organizations upon which they are dependent and by cultural expectations in the society in which the organizations function" (1983, p. 150). Activist organizations clearly make demands associated with the expectations of the culture in which they are embedded; yet the idea of corporations being dependent on activist organizations seems difficult to grasp at first. Clearly, the power of some *suppliers* over a firm can be understood easily via resource dependence theory: A firm that depends on a supplier for valuable resources will often find itself yielding to the demands of that supplier (assuming the supplier's power is not balanced by the firm's reciprocal provision of valuable resources to that supplier). But which valuable resource would activist organizations supply to firms that would give the activists power? In outlining resource dependence theory, Pfeffer and Salancik noted that the resources exchanged by two organizations may include "monetary or physical resources,

information, or social legitimacy" (Pfeffer & Salancik, 1978: 43). Institutional theorists, too, recognize that "organizations compete not just for resources and customers, but for political power and institutional legitimacy, for social as well as economic fitness" (DiMaggio and Powell, 1983: 150). Legitimacy is an important resource which activist organizations can provide to or withhold from firms.

In related articles, Bezold and Freeman (1998) and Hendry (1998) noted examples of activist organizations exerting coercive pressures, often leading to governmental regulation, but sometimes creating non-legislated structural changes as well. Activist organizations exert coercive pressure on firms via such tactics as boycotts, demonstrations and protests, shareholder resolutions, and letter-writing initiatives. For example, an activist organization may indicate publicly that a firm is operating in an appropriate manner and is making a positive contribution to society; this conferral of legitimacy can benefit the firm in that it can encourage employees, suppliers, customers, and others to do business with the firm. On the other hand, an activist organization may signal to society that the firm is operating inappropriately or harming society; the activists' withholding legitimacy can harm the firm, convincing stakeholders not to do business with it. Lastly, the activist organization may not send society any signals at all regarding the firm; consequences for the firm in this case may be either good, bad, or non-existent. Thus, activist organizations can provide the firm with a valuable resource – legitimacy – in exchange for which the firm continues to behave in a manner deemed appropriate by the activist organization; thereby, the activist is able to wield coercive pressure.

Normative pressure has typically been operationalized as pressure exerted by professionals within an organization to conform to the norms of their professions. For example, corporate financial officers learn from other corporate financial officers proper ways to structure corporate finance departments, as well as routine tasks they typically handle for the firm and their usual decision-making

methods. However, researchers have suggested that the value-based pressure at the core of normative isomorphism can arise from many other sources. Activists clearly operate within a set value system and apply pressure on firms to act in ways consonant with that value system. For example, in response to repeated demands of human rights organizations, Nike has created an internal organization that interfaces with external human rights organizations and monitors the labor practices of Nike's contractors in the Pacific Rim.

Similarly, environmental activists frequently demand information about environmental impacts of firms; some sue firms when they find they have harmed the environment in a way deemed hazardous to public health. Firms that have not yet created departments to handle such requests will find these requests difficult to comply with, since knowledge about environmental impact is often spread throughout the firm and not centralized in one easy-to-access location. As a result, most major corporations have begun to recognize the importance of public health and environmental protection, two values not historically associated with profit-seeking enterprises. In order to respond to these pressures, for example, most have added an environmental component to their Health & Safety departments – which have been renamed Environmental, Health & Safety departments – to handle these responsibilities.

Mimetic pressures also play a part in corporate responses to the pressure of activist organizations, but the relationship is somewhat indirect. Activists apply coercive and/or normative pressure to influential corporations in the field. Eventually, those corporations adopt behaviors and structures for dealing with or satisfying the activists. At the same time, other firms in that field may never feel the direct pressure of activists; perhaps they are very small, for instance, and are not targeted by activists. Yet some of these firms will adopt courses of action and organizational forms like those of larger, targeted firms. In other words, mimetic

forces – on their own or combined with coercive and normative forces applied by activist groups – propagate similar changes throughout the industry.

Interestingly, while institutional theory explains how an activist organization could coerce a firm to change, it provides no explanation of how the activist organization selects a particular firm to coerce. Although contemporary institutional theory was developed within an idealist framework (Meyer & Rowan, 1977; DiMaggio & Powell, 1983), it has been tested almost exclusively using positivist methods (Baum, 1996). No institutional theorists have ever attempted to use the qualitative methodology necessary to discuss coercive isomorphic pressure with the constituent organizations which exert it.

Four propositions relevant to this dissertation would seem to arise from Neo-Institutional Theory:[1]

Neo-Institutional Proposition One: In order to maximize the effects of mimetic isomorphism, ENGOs target corporations that are influential in their organizational fields and therefore likely to be imitated.

Neo-Institutional Proposition Two: In order to maximize the effects of coercive isomorphism, ENGOs mobilize consumers and other stakeholders to pressure companies to change their behavior regarding environmental issues.

Neo-Institutional Proposition Three: In order to maximize the effects of coercive isomorphism, ENGOs seek to enhance their power and legitimacy by forming coalitions to exert coercive pressure on corporations.

Neo-Institutional Proposition Four: In order to maximize the effect of normative isomorphism, ENGOs work with environmental professionals within corporations.

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[1] Later in this chapter, all four Neo-Institutional Propositions will be either renamed or embedded within assessment, targeting, and influencing propositions.

Stakeholder Theory

Porter (1980) developed a framework to help managers compete successfully when other organizations in a firm's environment possess the power to impact the firm's well-being. Porter focused his intra-industry analysis on those organizations in the company's expanded value chain; he encouraged strategists to consider suppliers, competitors, customers, potential entrants to the industry, and producers of substitutes. Depending on a variety of factors – including relative size, number of alternatives, switching costs, and collective action – actors in each group might wield enough power to force a company to change integral elements of its strategy.

Freeman (1984; Freeman & Gilbert, 1987, 1988) believed that effective competitive strategy in the long run would require more than simple examination of *powerful* stakeholders. Judging that the objective of business was not simply healthy financial statements but a healthy society, he sought a way to introduce ethics into the strategy / power equation. He defined stakeholders as "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman, 1984: 46). While some stakeholders *can affect* the organization (i.e., stakeholders with power), others *are affected by* it and therefore merit ethical consideration.

Although Freeman's definition continues as the most cited definition of the term "stakeholders," its breadth has occasioned application difficulties. Today, when making strategic decisions, most business managers consider stockholders, lenders, suppliers, employees, customers, and the communities in which their firm operates.[2] Upon further prompting, managers usually explain that managers and unions are included with "employees"; distributors are

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[2] Naturally, they also recognize the importance of considering their competitors, but they rarely list them as "stakeholders."

included with "customers"; and so forth. We can interpret from this list of most-considered stakeholders that the idea of stakeholder power continues to push itself to the forefront of the discussion, despite Freeman's repeated attempts to make ethics the focus of attention (Freeman & Gilbert, 1988, 1987; Freeman, 1994).

While mainstream thinkers and most practitioners in business tend to limit themselves to this list of stakeholders, more broadminded managers and academics have pointed out that companies faithfully adhering to this list risk neglecting groups of growing influence, such as activists, thereby exposing themselves to potential conflicts. Although most managers deny they consider activist groups when making strategic decisions, activist groups are potentially powerful stakeholders, as illustrated by several examples. PETA's picketing has accelerated the move by laboratories to conduct more testing without the use of animal subjects. Greenpeace's boarding of ships carrying genetically engineered soybeans has prevented the companies captaining those ships from unloading cargo in various ports around the world and has led some companies to reconsider their entrance into this controversial field within agribusiness. And the Environmental Liberation Front's destruction of $12 million of Vail's mountaintop facilities has made resort companies consider their potential environmental impacts more carefully.

In addition to these "practical" consequences, ethical considerations would also seem to require that the stakeholder list be expanded. For example, those in the environmental community have reasons for encouraging managers to consider the wants and needs of a diverse set of stakeholders. Most environmentalists can be termed conservationists: they advocate conserving our natural resources for the use and enjoyment of *future* human generations. While this is clearly mainstream, anthropocentric thinking, the introduction of time as an aspect of moral consideration has been fought by some who say we cannot

possibly know what our impact on the future will be, and that we must therefore simply continue to do what we think is best for those human beings alive today.

Starik (1993, 1995) suggested that the nonhuman natural environment should be included among key stakeholders, and other researchers have followed his lead. But those who advocate for the natural environment cannot always agree on what the natural environment is and which aspects of it should be considered. Nonanthropocentric philosophical thinking about the natural environment (i.e., that which is not predicated upon the pre-eminence of human interests) can be roughly divided into three categories: biocentrism, ecofeminism, and deep ecology. Biocentrists would have us take into account nonhuman animals and plants (people within this broad category draw the line in different places), asserting that the moral considerability of these living things is tied either to their capacity to suffer, their possession of "interests" (wants and desires), and/or their inherent worth as living things. A less individualist ethic is that of ecofeminism: its adherents believe our exploitation of nature is related to our exploitation of other humans. Ecofeminists believe that the living world is a web of relationships, and we therefore must treat all living things with the same respect, care, and compassion because that is how they deserve to be treated. Still less individualistic are deep ecologists, who see a need for humans to recognize and pursue a relationship with the natural environment in which humans, animals, plants, ecosystems, and the Earth itself are viewed as important, meaning we must determine what their likely needs will be and how our actions may impact them. (DesJardins, 1993; Lovelock, 1995; Naess, 1995; Spretnak, 1990; VanDeVeer & Pierce, 1994)

Social activists would undoubtedly be able to construct a similar set of ethical groupings adopted by their constituents. Unfortunately, the existence of such wide-ranging views within the activist community makes it difficult for managers to determine which activist positions truly merit their time and effort to

understand. Hoping to encourage greater ethical consideration by the business community, stakeholder theorists have tried to find reasonable, prudent ways to determine "who and what really counts" as a stakeholder worthy of management's attention (e.g., Agle et al., 1999; Berman et al., 1999; Evan & Freeman, 1990; Freeman & Evan, 1993).

One of the early attempts to discern "who and what really counts" was The Toronto Conference, held in 1993; *Business & Society* published comments from several participants. Collins derided the arrogance of any manager who would "claim that s/he appropriately uses stakeholder management methods without formally discussing policy options with individual stakeholders or stakeholder representatives" (1994: 122). Wartick (1994) emphasized the importance of managers' building an understanding of the normative cores of individual stakeholder groups with whom they interact, as that is the only way of effectively grasping stakeholder motivations and responses; this would, of course, also require direct interaction and discourse with stakeholder representatives. Clarkson (1995) noted that corporations do not consider social issues in the way academics discuss them. He emphasized that corporate social responsibility and corporate social responsiveness are academic concepts, foreign to most managers. Instead, managers concern themselves with stakeholder management and collect data in support of such management. Although some academics have spoken directly with stakeholder groups having a direct exchange relationship with companies – such as employees, consumers, and stockholders – few researchers have attempted to make contact with stakeholder groups, such as environmental activist organizations, that are not engaged in a direct exchange relationship with companies. This is one area where this dissertation will endeavor to make a further contribution.

Mitchell, Agle, and Wood (1997) proposed that power, legitimacy, and urgency could be used to characterize stakeholders and that the relative level of

each determines the extent to which managers need to take it into account. "A party to a relationship has power to the extent it has or can gain access to coercive, utilitarian, or normative means to impose its will in the relationship" (Mitchell, Agle, & Wood, 1997: 865). Legitimacy is "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (drawn from Suchman, 1995). And urgency "exists only when two conditions are met: (1) when a relationship or claim is of a time-sensitive nature *and* [emphasis mine] (2) when that relationship or claim is important or critical to the stakeholder" (1997: 867).

Although power seems defined as an objective element of a relationship, and legitimacy seems to depend largely on the views of those in society outside the relationship, "urgency" depends on the subjective view of the stakeholder. Thus, Mitchell, Agle, and Wood (1997) went beyond the idea that power alone determines stakeholder priority: the authors brought both the broader society and the individual stakeholder into the equation by pointing out the importance of both legitimacy and urgency. The titles that Mitchell, Agle, and Wood gave to the six stakeholder groups give some idea of the groups' likely priorities: dormant (possessing only power), discretionary (possessing only legitimacy), demanding (possessing only urgency), dependent (possessing legitimacy and urgency), dormant (possessing power and legitimacy), dangerous (possessing power and urgency), and dominant (possessing power, legitimacy, *and* urgency).

Despite the fact that Mitchell, Agle, and Wood's conception of "urgency" concerned the *stakeholder's* view of the urgency of their own claim, neither the authors nor the many management scholars who preceded them focused on the stakeholder's perspective of any other facet of the business-stakeholder relationship. Frooman (1999) was one of the first to do so.

Frooman (1999) used resource dependence theory to suggest that stakeholders have one of four types of resource relationships with any given firm and will therefore rationally select a corresponding type of influence strategy when attempting to get the firm to change its behavior (see Figure II-2). If the firm is more dependent on the stakeholder than the stakeholder is on the firm, this is a case of *stakeholder power*; when the stakeholder is more dependent on the firm than the firm is on the stakeholder, this is a case of *firm power*; when both are dependent on each other to a significant extent, it is a case of *high interdependence*; and when neither is dependent on the other to a significant extent, it is a case of *low interdependence.*

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FIGURE II-2
Typology of Influence Strategies
(resource relationships in parentheses; from Frooman, 1999)

Is the stakeholder dependent on the firm?

		No	**Yes**
Is the firm dependent	**No**	Indirect/withholding (low interdependence)	Indirect/usage (firm power)
on the stakeholder?	**Yes**	Direct/withholding (stakeholder power)	Direct/usage (high interdependence)

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In the case of *stakeholder power*, the stakeholder can take direct action to encourage the firm to change: the stakeholder has the power to withhold the resources it possesses (which the firm wants), issuing an ultimatum to the firm: change *or else*. Frooman refers to this as a withholding strategy. In the case of *high interdependence*, the stakeholder must take a kinder, gentler approach – one which involves negotiating rather than issuing ultimatums. Negotiations might require that the stakeholder compromise on the number and types of changes required, the timetable for making them, and the level of resources provided in accordance with those changes and that timetable. Nevertheless, strings are attached to the relationship. Frooman refers to this as a usage

strategy, because the targeted firm continues to have access to, thus usage of, the valued resources.

In the case of *firm power* or *low interdependence*, the stakeholder will attempt to achieve its objectives through an ally. Allies are individuals or organizations (e.g., customers, suppliers) on which the firm *is* dependent. A preferred ally will be one whose relationship with the firm is one of *stakeholder power,* as this is more likely to lead to substantive changes by the firm, although the stakeholder may consider teaming with an ally that has a *high interdependence* relationship with the focal firm.

Frooman (1999) used the Earth Island Institute (EII) as an example of an organization in a position of low interdependence allying (in a two-step process) with an organization in a position of stakeholder power. EII got consumers to protest the killing of porpoises (dolphins) during tuna fishing by boycotting StarKist, which panicked over its flagging sales. The company, the largest U.S. tuna canner, held a position of power over tuna fisherman and put pressure on them to change their fishing methods so dolphins would not be killed. The fishermen changed their methods, far fewer dolphins lost their lives, and the boycott of StarKist was lifted.

For the purposes of this dissertation, I have created a set of propositions (illustrated in Figure II-3) addressing the ways in which stakeholders influence firms to change. Influencing Propositions One, Two, Three, and Four come from the Frooman model.[3] Influencing Proposition Five is a restatement of Neo-Institutional Proposition Four; Mimetic isomorphism is an important consideration for ENGOs, particularly when employing direct strategies for influencing firms.

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[3] The ideas embodied by Neo-Institutional Propositions Two and Three – covering coercive isomorphism – are an integral part of the Frooman model and are thus embedded within Influencing Propositions One, Two, Three, and Four.

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FIGURE II-3
Model of Influence Strategies

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Influencing Proposition One: Stakeholders having a stakeholder power relationship with a firm will influence the firm to change by withholding the resource over which they have control and which the firm wishes to possess.

Influencing Proposition Two: Stakeholders having a high interdependence relationship with a firm will influence the firm to change by negotiating with the firm about the terms of the agreement to exchange valuable resources.

Influencing Proposition Three: Stakeholders having a firm power or a low interdependence relationship with a firm will seek an ally to influence the firm.

Influencing Proposition Four: When allying with other stakeholders, preferred allies will be those with a stakeholder power relationship with the firm, followed by those with a high interdependence relationship with the firm.

Influencing Proposition Five (Formerly Neo-Institutional Proposition Four): In order to maximize the effect of normative isomorphism, ENGOs try to influence the firm by working with EHS professionals within corporations.

The Corporate Social Performance (CSP) Literature

Recently, CSP scholars have worked to determine economic and other "practical" benefits associated with socially responsible behavior. In so doing, many have used proxies for CSP in their research. For example, Kinder, Lydenberg, Domini (KLD) – affiliated with the Domini Social Investment Fund – have developed an eight-factor scale for measuring social responsibility (Waddock & Graves, 1997a, 1997b). Experts within KLD conduct a great deal of research and together determine how, on a five-point scale, to rate firms. Although the KLD ratings are used primarily by social investment firms for determining whether to invest in specific corporations, researchers have also attempted to correlate the ratings (or various factors) with financial or other performance indices. For example, Waddock and Graves correlated KLD ratings with financial performance (FP) measurements (Waddock & Graves, 1997a). That same year (1997b), Waddock and Graves correlated managerial quality, as measured in Fortune's "America's Most Admired Companies" survey, with CSP (again, as determined by KLD) in a related effort to investigate whether CSP is good for overall corporate health.

Although some CSP researchers have made use of the KLD ratings as dependent variables in CSP studies, none have attempted to learn whether other experts in CSP – various types of NGOs, for example – believe that the KLD ratings are valid measurements, or whether such external stakeholders ever use them in their own evaluation of firms. Moreover, no model of how NGOs or other external stakeholders evaluate firms has been developed.

Sonnenfeld (1982) demonstrated that managers lack a basic understanding of how stakeholder groups define CSP and prioritize its various components. The researcher focused on the forest products industry. Forest products companies have a tremendous ability to impact local communities via their logging and manufacturing activities, and they often must deal with labor and environmental

issues highlighted by unions and environmental organizations. Sonnenfeld's survey – given to corporate managers and a variety of external stakeholders of diverse types – asked the respondents to rank various aspects of corporate activities that had social impacts. He discovered that managers' ratings and stakeholders' ratings of the same activities were markedly different; at the most general level, there was no correlation. Managers and stakeholders were clearly using two different value sets to evaluate corporate social performance. Perhaps my dissertation can contribute to overcoming this gulf by investigating the ways in which ENGOs view corporate environmental performance.

With the rise in shareholder activism, managers are finding it increasingly important to understand and respond to the views of their shareholders. Wokutch (1982) surveyed Catholic religious orders to determine their social / ethical investment policies and the importance of CSP information to their investment decisions. He discovered that the following were thought to be important sources of CSP information (in descending order of importance):

1. NGOs concerned with corporate social performance.[4]
2. Newspapers and magazines not specializing in business
3. Business periodicals and newspapers
4. Corporate annual reports and other business publications
5. Television and radio
6. Word-of-mouth
7. Investment counselors
8. Federal government

The above list constitutes the sources of CSP information for at least one type of organization engaging in social/ethical investment activities. You will recall that CERES member organizations – largely comprising social investment

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[4] The National Catholic Coalition for Responsible Investment and the Interfaith Center on Corporate Responsibility were mentioned by far the most often.

organizations and ENGOs – have provided substantial input to the development of the CERES report format. Given these two facts, I used this list in developing the interview guides used in this dissertation.

Wokutch also noted, "For an institutional investor to impress its ethical concerns upon management [effectively], the available options can be grouped into eight general categories:

1. Declining to invest in certain corporations or industries.
2. Divesting any existing holdings in certain corporations.
3. Purposely investing in certain corporations, industries, or projects because of their likely desirable social effects.
4. Directly communicating with management, urging it to change certain policies.
5. Proposing shareholder resolutions pertaining to ethical issues or supporting those proposed by others.
6. Initiating or joining in litigation against management.
7. Voting to unseat management.
8. Publicizing opposition to management…"

Although institutional investors are clearly in a different position with respect to management than ENGOs, some commonalities may exist in the ways that the two groups choose to influence management. Therefore, I considered this list as I interviewed ENGO representatives and as I developed grounded theory in this dissertation.

Rowley and Berman (2000) essentially sought to explain the link between the two Wokutch (1982) lists: in other words, between gathering information about the CSP of firms and taking action to influence them, decisions are made about which ones to target. Rowley and Berman pointed out that CSP could influence stakeholders to take actions that would affect financial performance (FP); this, they claimed, is the real source of the CSP-FP link. Therefore, Rowley and Berman sought to explain the conditions under which stakeholders would take

action to impact a firm and when those actions would modify FP. Building on Rowley's (1997) discussion of network theory, Rowley and Berman hypothesized that the density of the relationships in the firm's network allows for better monitoring and information sharing among stakeholders and therefore is more likely to lead to those stakeholders targeting the firm collectively. This became the first Targeting Proposition in this dissertation.

> **Targeting Proposition One: The denser the relationships among a firm's stakeholders, the better able those stakeholders are to monitor the firm and share information about the firm, and the more likely those stakeholders are to target the firm collectively.**

In addition, the authors suggested that the size of the firm, the firm's proximity to consumers in the value chain, the degree to which its brands are known, and the number of previous interactions between the firm and the stakeholder are factors positively related to the likelihood that stakeholders will target that particular firm.[5] I developed four propositions based on these suggestions, focusing them on ENGOs rather than <u>all</u> stakeholders.

> **Targeting Proposition Two: The larger the firm, the more likely ENGOs will target the firm.**
>
> **Targeting Proposition Three: The closer the firm is to consumers in the supply chain, the more likely ENGOs will target the firm.**
>
> **Targeting Proposition Four: The more well-known the firm's brands are, the more likely ENGOs will target the firm.**
>
> **Targeting Proposition Five: The more previous interactions between the firm and a particular ENGO, the more likely that ENGO will target the firm.**

Rowley and Berman note that the ability to determine the source of a social impact can determine the extent to which other stakeholders, such as the

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[5] Stepping away from stakeholder theorists for a moment, these ideas seem to closely mirror those in Bowen's (2000) concept of corporate visibility, which she suggests has a great deal to do

government and the media, might get involved. Similarly, the moral intensity of the issue (Jones, 1995) – most often reconceived as the magnitude of the consequences – can affect the extent of stakeholder involvement.[6] This leads to two more propositions, with only one modification: ENGOs are concerned about environmental impacts rather than all social impacts.

> **Targeting Proposition Six: The greater the certainty among ENGOs that the firm is the source of an environmental impact, the more likely ENGOs are to target the firm.**

> **Targeting Proposition Seven: The more consequential the firm's actions are to the natural environment, the more likely ENGOs are to target the firm.**

In addition, the first Neo-Institutional Proposition is really a targeting proposition:

> **Targeting Proposition Eight (formerly Neo-Institutional Proposition One): In order to maximize the effects of mimetic isomorphism, ENGOs target corporations that are influential in their organizational fields and therefore likely to be imitated.**

These propositions are illustrated in Figure II-4.

Research (e.g., Clarkson, 1995; Collins, 1994; Wartick, 1994) suggests that managers would be well advised to learn more about the values of a variety of external stakeholders and to understand how their assessments of a firm could lead to their targeting of that firm. The nine propositions above provide a starting point for research regarding this targeting activity.

It seems reasonable to suppose that determining "the source of a social impact" would require some assessment of the CSP of firms considered to be

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with whether the firm feels its position merits a "green response": that is, whether it feels the need to signal its concern about its environmental impact.
    [6] Again, we see close parallels with Bowen's (2000) concept of issue visibility: whether an environmental issue is sufficiently obvious to the general public that a company feels compelled to implement a "green response."

potential sources. In addition, "the moral intensity of the issue" would seem to be a part of assessing a firm's CSP. Yet Rowley and Berman (2000) did not address the idea of CSP assessment. A likely reason for this exclusion may be that the extant models of CSP have not sought to understand how stakeholders assess firms' social performance. The remainder of this chapter attempts to address this oversight and demonstrate its relevance to this dissertation.

————————————————

FIGURE II-4
Model of Targeting
(based on Rowley & Berman, 2000)

————————————————
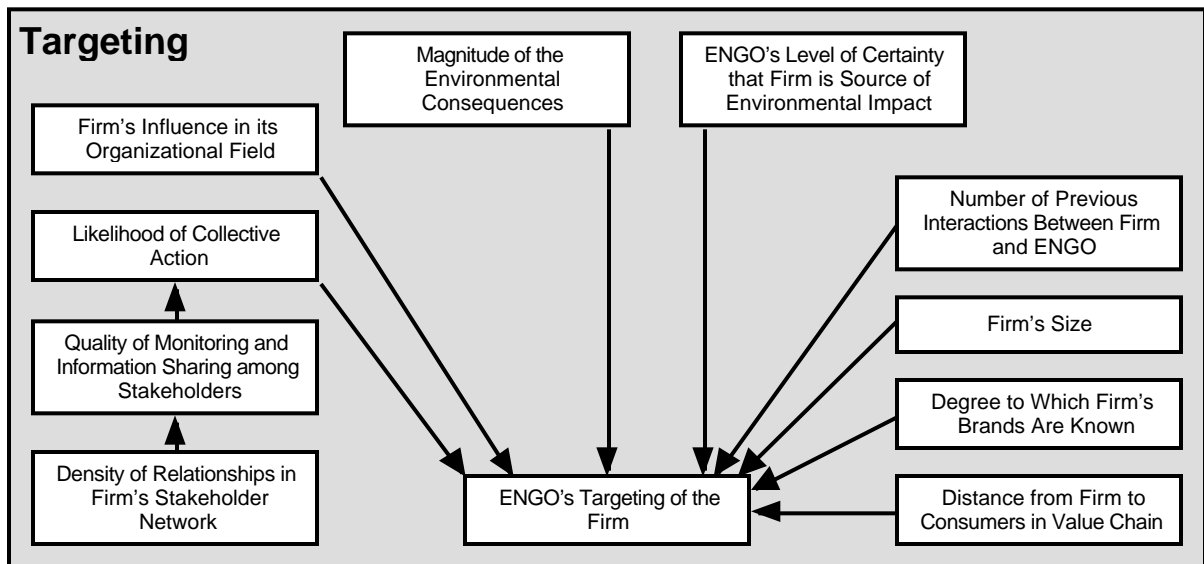
Corporate Social Performance – Models

Four models of corporate social responsibility, responsiveness, and performance have dominated the CSP literature. Sethi endeavored "to develop a structural framework to facilitate analysis of corporate social activities" (1975: 58). Carroll's (1979) three-dimensional model of corporate social performance built on Sethi's model, adding the two additional dimensions of corporate social responsiveness and social issues categories. Carroll intended academics to use his model to focus and categorize their research, thereby assuring that the

myriad aspects of corporate social performance would be addressed by the literature; he also believed managers could use the model to systematize their approaches to considering the issues their firms' faced in the social arena, their firm's social responsibilities, and the level of responsiveness appropriate to those issues in the face of those responsibilities. Largely based on Carroll's three-dimensional model, Wartick and Cochran's corporate social performance model was designed to integrate "the principles of social responsibility, the process of social responsiveness, and the policies developed to address social issues" (1985: 758).

Wood (1991a, 1991b) further expanded the Wartick and Cochran model, identifying motivators (which she termed corporate social responsibility "principles") for socially responsible action, capabilities needed to act responsibly (comprising assessment of the business environment, stakeholder management, and issues management; all were grouped under her category "corporate social responsiveness"), and outcomes (which comprised both the social impacts of corporate activity and the programs and projects adopted by firms). Wood specifically stated that her concerns involved identifying the central questions of the business and society field and preserving those questions by developing "a broad model of business-society relationships" which would allow "scholars to 'locate' works within" that model (Wood, 1991a: 691).

Thus, Wood clearly designed her model to be used by academics. Wartick and Cochran did not specify their model's intended users, but both Sethi (1975) and Carroll (1979) indicated their models were designed to be used by managers as well as academics. Still, none of the model builders specifically approached stakeholders in an attempt to learn how they went about assessing corporate social performance. This was the purpose of research I conducted prior to this dissertation (Hendry, 1999).

The Development of CERES and Its Reports

In the early 1970s, with the burgeoning of the anti-apartheid movement, a growing number of investors became concerned about the actions of the firms in which they were investing. This led to the rise of social/ethical investing -- the investment of funds in corporations deemed to be socially responsible. Most firms managing social/ethical investment portfolios employ "screens" to guide their investment: companies with operations in South Africa were screened out early, as were those earning money from alcohol, tobacco, and firearms, nuclear power, and other operations deemed ethically questionable.

In April 1989, several social investment firms and environmental stakeholder organizations gathered in Chapel Hill, NC, to discuss how they, as a coalition, could influence corporations to provide environmental performance information and, ultimately, to act in more environmentally responsible ways. The resulting Valdez Principles (the name being inspired by Exxon's oil spill) were announced to the public in late 1989, and firms with reputations for socially responsible values and actions, such as Aveda and Ben & Jerry's, quickly endorsed them.

CERES recognized the need to attract Fortune 500 companies in order to garner legitimacy from the corporate world and to have a real impact on environmental sustainability. CERES began active negotiations with Sun Oil in 1992, modifying the Valdez Principles slightly (e.g., not requiring endorsers to eschew all non-renewable resource use) and renaming them the CERES Principles in order to gain Sun's (and other Fortune 500 companies') endorsement. The full text of the CERES Principles is contained in Appendix II-1.

Today, CERES counts among its "members organizations" those as diverse as the Council on Economic Priorities; Kinder, Lydenberg, Domini (KLD); Presbyterian Church (USA); the New York City Comptroller's Office; and the Sierra Club. "Endorsers" are companies that have agreed to abide by the

principles; this group includes companies such as The Body Shop and Timberland, as well as over a dozen Fortune 500 companies, including American Airlines, Bank of America, Ford Motor Company, General Motors, Nike, and Polaroid. As endorsers, each company agrees to operate its business according to the ten CERES Principles; Principle Ten requires that endorsing companies complete an annual standardized environmental performance report.

Modeling ENGOs' Assessments of Corporate Environmental Performance

Recognizing that the literature indicated a need to better understand stakeholders' values regarding corporate social performance, I began to gather and study as many corporate environmental reports as I could, including those from CERES endorsers and companies not endorsing CERES. Most reports had the same appearance and tone as a typical annual report. In many ways, one could see them as marketing efforts, or as some institutional theorists (e.g., Meyer & Rowan, 1977) would put it, window dressing designed to delude the public into believing substantive legitimacy existed when in fact none did. Still, I recognized two things that seemed important: 1) the reports of companies that were not CERES endorsers often demonstrated very similar formats and contents to those of CERES companies; 2) among CERES endorsers, report formats and metrics were strikingly similar, facilitating comparison across companies.

Next, I went to the CERES website and printed out the standardized reporting format instructions. The original standardized reporting format had been developed by CERES members (i.e., stakeholder organizations, not endorsing companies) prior to any firms' having endorsed CERES. Over the years, and particularly between 1993 and 1995, substantial changes were made to the format: Endorsing companies provided a good deal of input about available data,

as well as about the potential for capturing and reporting information that had not previously been required. [7] Nonetheless, CERES member organizations continued to influence report contents, so I inferred that information contained in the reports was requested by at least some of the members.

CERES member organizations represent a wide variety of stakeholders interested in the impacts businesses have on the natural environment, and these organizations helped develop a standardized format for businesses to use to report information about their companies' environmental impacts. Therefore, I believed I could use the CERES report to develop a model of the information that stakeholders use to evaluate corporate environmental performance. First, I determined a need to re-categorize the information included in the reports.

CERES Reporting Requirements

I began by listing all the types of data and information required in the long form (37 pages) of the CERES report. I was able to easily combine some, and I attempted to divide the rest into meaningful categories by the type of environmental information provided. Four primary categories emerged. First, a company's CERES report includes a statement of the CERES Principles (as well as any other environmental principles the company subscribes to) and information detailing the company's

- Environmental, materials (e.g., reduce, reuse, recycle), and supplier selection policies.
- Geographic application of policies (i.e., worldwide operations or just those in the U.S.).
- Position on global warming and activities regarding greenhouse gases.

I referred to this grouping as Policies and Principles.

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[7] Instructions for the report are available on the CERES Website – http://www.ceres.org. Fairly substantial changes have been made to the instructions since this research was initially conducted.

Companies also have the opportunity to introduce

- Particular programs in which they participate. These might include hazardous and other waste minimization programs (e.g., EPA's voluntary 33/50 and Wa$teWi$e programs), energy reduction programs (e.g., EPA's voluntary GreenLights program), renewable energy use programs, workplace health & safety programs, technology and management information-sharing with other businesses, sponsorship of environmental research at educational institutions, or community-centered environmental activities.

- Special environmental projects, such as those to restore wetlands.

- Employee rewards programs for health, safety, and environmental performance.

This grouping became entitled Programs and Projects.

Procedures and processes are also critical. Companies report:

- Procedures for waste management, workplace health and safety, emergency response and public disclosure, supplier selection and maintenance, and product design/stewardship.

- Method(s) of accounting for environmental performance: that is, computerized management systems for tracking environmental data, methodologies for tracking materials use, and specifics for calculating metrics.

- Environmental management structure, processes, communication, and training.

- Audits of health, safety, and environmental activities.

Lastly, companies report environmental performance data:

- Toxic Release Inventory (TRI) data and other chemical and waste releases.

- Greenhouse gas emissions.

- Energy usage by type of fuel and usage/conservation trends.

- Consent decrees, penalties, and exceedances relative to permits for nine EPA Acts (e.g., Resource Conservation and Recovery Act [RCRA], Clean Water Act) and any state regulations.

- Oil and chemical spills.

Based on these observations, I developed a model for evaluating corporate social responsibility, responsiveness, and performance from a stakeholder perspective (Figure II-5).

Elements of the Model

The following definitions refer to terms used in the model; the definitions may differ slightly from those used by other authors.

_____

FIGURE II-5
Hendry (1999) Model of Assessment

Performance
Resulting from
Programs

Performance
Resulting from
Routines

Performance
Resulting from
Projects

Programs

Routine
Processes &
Procedures

Projects

Policies &
Principles

Philosophy

_____
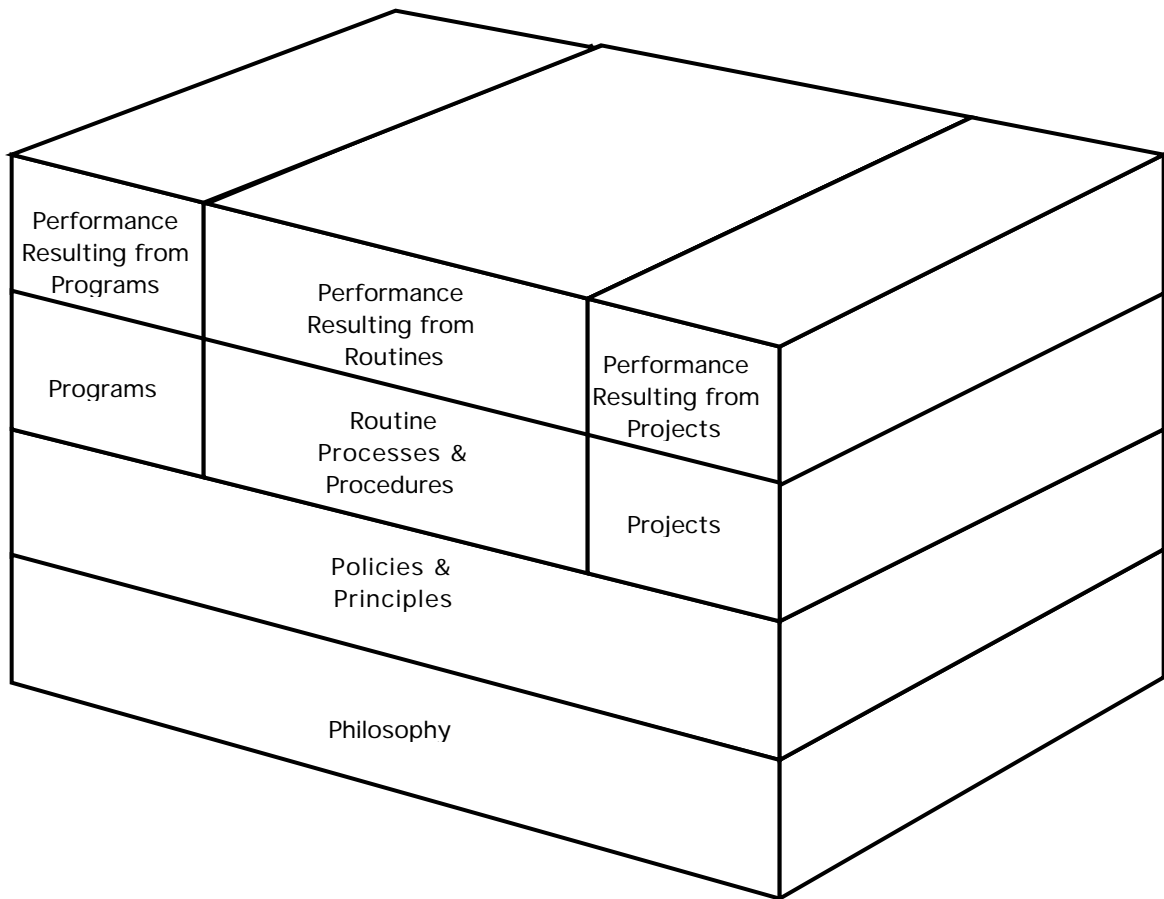
In the model, <u>philosophy</u> is the base on which everything else is constructed; however, philosophy may also be the most difficult element for stakeholders to distinguish. A philosophy is the system of beliefs and values on which a company's decisions and subsequent actions are based. Its philosophy is embedded in its ideology and culture; ergo, philosophy is very difficult and time-consuming to change. Philosophy is frequently neither written down nor clearly articulated; thus it is often not easily detected, particularly by those outside the corporation.

<u>Policies</u> and <u>principles</u> are those portions of the firm's philosophy that are clearly stated; on rare occasion, they provide complete and precise expression of the firm's philosophy. As illustrated in the model, principles are built directly on the firm's philosophical base; thus, principles are normative -- they provide a guide for making decisions and carrying out actions. They can be identified either because 1) they are written (i.e., formalized), or 2) managers reveal them during interviews. Corporate mission (or vision) statements may state some or all of the company's basic policies and principles. A company may also have statements of principles that relate to concerning or salient issues, such as the natural environment. In the case of the environment, CERES endorsers subscribe to the CERES Principles, which are contained in their annual CERES report. In addition, they may have a written set of environmental principles of their own.

<u>Procedures</u> are established, written, step-by-step routines for accomplishing everyday tasks in the company (March & Simon, 1958). <u>Processes</u> are the way things *actually* get accomplished -- the action steps involved in day-to-day business. Although processes may be reflected accurately in the procedures which give rise to them, they also may never have been written or may deviate substantially from the corresponding written procedures. Of course, as organization theorists (e.g., March & Simon, 1958; Merton, 1957) have observed, actual processes deviate from formalized procedures more often than they

conform to them. Therefore, to draw valid conclusions, one must directly observe the processes that take place.

Programs are long-term to the point of having no definite ending date. Although programs aim at goals, they are typically global, such as continuous improvement. Programs entail procedures and processes separate from those of daily activities, but like the routine type, program processes and procedures are based on corporate policies and principles.

Projects are goal-directed. They may be long-term, but the goal is specific enough that once it is achieved, the project ends. Projects, too, involve their own procedures and processes separate from those of daily activities and are based on corporate policies and principles.

Performance refers to various outcome measurements arising from corporate processes, programs, or projects.

Propositions

An important assumption underlies the Hendry (1999) model: Stakeholder groups that participated in creating the CERES standardized report format intended to use the data and information in these reports in their assessments of the CEP of particular firms. For the purpose of this dissertation, I will be more explicit about this assumption, stating it as two, related propositions.

> **Assessment Proposition One: ENGOs assess the CEP of particular firms.**
>
> **Assessment Proposition Two: ENGOs use CEP report data to assess the environmental performance of particular firms.**

The next Assessment Proposition addresses the importance of quantitative measurements in assessing corporate environmental performance. Measures of corporate performance arising as a result of day-to-day operations (processes and procedures) or pursuing various programs or projects are fairly easy to

discern, usually because regulations, such as those promulgated by EPA and environmental departments of state governments, require they be reported to an official body and made available to the public. Performance measurements are historical in nature in that they can be used to compare past performance of firms within an industry, analyze trends across time, or determine whether a firm has met its goals, but they may not be good predictors of the future, particularly in the long term. While ENGOs consider quantitative measurements in evaluating corporate environmental performance, these are simply indicators of the extent to which recent activities underlying the measurements (processes, projects, and programs) have worked. As such, they provide some clue for ENGOs as to whether a particular firm merits further investigation.

> **Assessment Proposition Three: In assessing a firm's CEP, ENGOs consider quantitative measurements of environmental impacts.**

Environmental organizations are concerned about the health of the planet and its ecosystems today, and they also want to ensure that Earth remains healthy for many years to come. Because ENGOs are long-term thinkers, they recognize that they cannot base their evaluations of individual firms solely on historical numeric data. Many firm activities have not reached maturity yet, so the numeric indicators may not show the progress actually being made. Instead, environmentalists try to ascertain the direction a firm is taking with regard to the natural environment based on their observations of the environmental projects firms have in place, the environmental programs they participate in, and the daily procedures and processes they follow that directly affect the natural environment.

> **Assessment Proposition Four: In assessing a firm's CEP, ENGOs consider the firm's routine daily activities that directly affect the natural environment.**

> **Assessment Proposition Five: In assessing a firm's CEP, ENGOs consider the firm's participation in environmental programs and projects.**

Some programs and projects take place only over a short period of time, however – maybe a few years at most. But they, too, are indicators of the firm's commitment to what undergirds them: policies and/or principles regarding the firm's stance toward the natural environment. Certainly, many firms have environmental policies and/or principles clearly spelled out, but only if they appear to "walk the talk" – take action in accordance with those policies and principles – will environmental organizations feel that companies are sincere. In other words, the policies / principles must be written, widely distributed, and frequently discussed throughout the organization. If the firm demonstrates its sincerity in this way, the ENGO can probably count on other programs and projects of a similar nature being adopted by the firm in the future. Performance measurements in the future are thus likely to improve on those of today.

Assessment Proposition Six: In assessing a firm's CEP, ENGOs consider a firm's environmental policies and principles.

Just as is illustrated in the model, ENGOs consider the firm's philosophy – its beliefs and values – regarding the natural environment to be the basis for its actions toward the natural environment. Environmental organizations feel most comfortable with firms that recognize the need to work toward sustainability, to harmonize their operations with nature instead of exploiting and degrading nature in an endless quest to bolster the bottom line. Firms adopting a philosophy of sustainability and sincerely pursuing it are much less likely to be victims of negative pressure by environmental organizations than those that consider the natural environment nothing more than a means of achieving economic growth.

Assessment Proposition Seven: In assessing a firm's CEP, ENGOs consider the firm's underlying philosophy regarding the natural environment – the beliefs and values of the leadership, management, and workers, embodied in the culture of the organization and demonstrated through their actions.

Based on my analysis of the CERES standardized report, no individual piece of the puzzle operates alone. ENGOs gather quantitative data about a firm's

environmental performance, review its daily environmental activities, investigate its commitment to environmental projects and programs, consider the extent to which it seems to be committed to its environmental policies and principles, and attempt to understand its underlying environmental philosophy. Together, these factors enable ENGOs to evaluate the firm's likely long-term impact on the natural environment.

These seven propositions are illustrated in Figure II-6.

_____

FIGURE II-6
Model of Assessment

_____
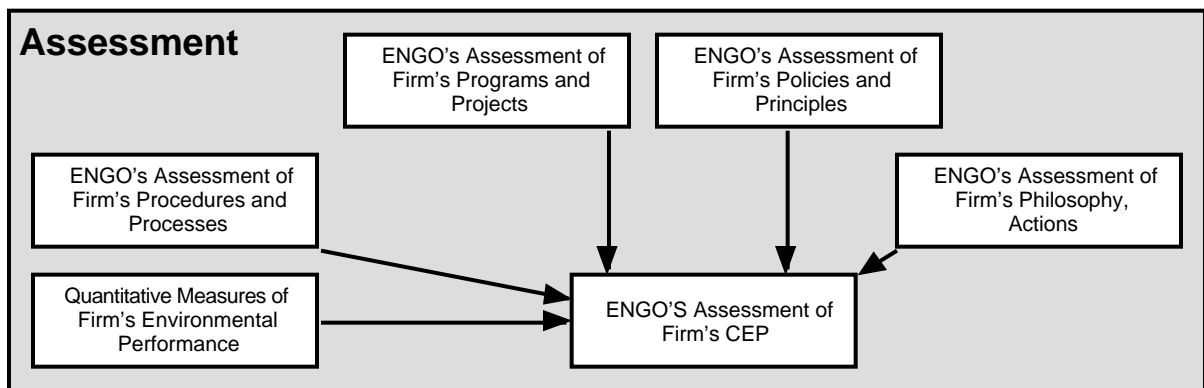
As noted in the earlier discussion of Rowley and Berman (2000), there seems to be an interrelationship among an ENGO's assessing a firm's CEP, the ENGO's determination of the magnitude of the consequences of an environmental problem, and the ENGO's determination of the likely sources of environmental impacts. These interrelationships are illustrated in Figure II-7 and can be stated as an additional targeting proposition, linking assessment to targeting.

> **Targeting Proposition Nine: An interrelationship exists among an ENGO's certainty that a particular firm is the source of particular environmental impacts, the ENGO's perspective of the magnitude of the consequences of particular environmental impacts, and the ENGO's assessment of the particular firm's CEP.**

Propositions Considered in this Dissertation

Frooman's (1999) article was one of the first that attempted to use extant theory to explore the flip-side of stakeholder theory – how stakeholders strategize to manage firms, instead of how firms strategize to manage stakeholders. Yet Frooman's question of stakeholder strategy is logically preceded by the question of stakeholder targeting. Thus, Rowley and Berman (2000), which addressed this question, is pertinent. My paper (Hendry, 1999), which explored how NGOs evaluated corporate social performance (especially environmental), is also concerned with targeting, but suggests that assessment of the corporation precedes targeting. Therefore, I combined Figures II-3, II-4, and II-6 to create Figure II-7. (The assessment, targeting, and influencing propositions involved are presented in full in Figure II-8.) I tested the Figure II-7 model by investigating multistakeholder interactions using case study methodology to build a grounded theory explaining why stakeholders select particular firms to target and how they determine appropriate influence strategies.

FIGURE II-7
Three Stage Model of Assessment, Targeting and Influencing

Stage One:
Assessment

| ENGO's Assessment of Firm's Programs and Projects | ENGO's Assessment of Firm's Policies and Principles |

ENGO's Assessment of Firm's Procedures and Processes

ENGO's Assessment of Firm's Philosophy, Actions

Quantitative Measures of Firm's Environmental Performance

ENGO'S Assessment of Firm's CEP

Stage Two:
Targeting

Magnitude of the Environmental Consequences

ENGO's Level of Certainty that Firm is Source of Environmental Impact

Firm's Influence in its Organizational Field

Number of Previous Interactions Between Firm and ENGO

Likelihood of Collective Action

Firm's Size

Quality of Monitoring and Information Sharing among Stakeholders

Degree to Which Firm's Brands Are Known

Density of Relationships in Firm's Stakeholder Network

ENGO's Targeting of the Firm

Distance from Firm to Consumers in Value Chain

Stage Three:
Influence

Resource Relationship Between Firm and ENGC

Need to Select Stakeholder Ally

Existence of EHS Department at Firm

Resource Relationship Between Firm and Potential Stakeholder Ally

ESO's Selected Influence Strategy

Selection of Stakeholder Ally

FIGURE II-8
List of Propositions

Assessment Propositions

Assessment Proposition One: **ENGOs assess the CEP of particular firms.**

Assessment Proposition Two: **ENGOs will use CEP report data to assess the environmental performance of particular firms.**

Assessment Proposition Three: **In assessing a firm's CEP, ENGOs consider quantitative measurements of environmental impacts.**

Assessment Proposition Four: **In assessing a firm's CEP, ENGOs consider the firm's routine daily activities that directly affect the natural environment.**

Assessment Proposition Five: **In assessing a firm's CEP, ENGOs consider a firm's participation in environmental programs and projects.**

Assessment Proposition Six: **In assessing a firm's CEP, ENGOs consider a firm's environmental policies and principles.**

Assessment Proposition Seven: **In assessing a firm's CEP, ENGOs consider the firm's underlying philosophy regarding the natural environment – the beliefs and values of the leadership, management, and workers, embodied in the culture of the organization and demonstrated through their actions.**

Targeting Propositions

Targeting Proposition One: **The denser the relationships among a firm's stakeholders, the better able those stakeholders are to monitor the firm and share information about the firm, and the more likely those stakeholders are to target the firm collectively.**

Targeting Proposition Two: **The larger the firm, the more likely ENGOs will target the firm.**

Targeting Proposition Three: **The closer the firm is to consumers in the value chain, the more likely ENGOs will target the firm.**

Targeting Proposition Four: **The more well-known the firm's brands are, the more likely ENGOs will target the firm.**

Targeting Proposition Five: **The more previous interactions between the firm and a particular ENGO, the more likely that ENGO will target the firm.**

Targeting Proposition Six: **The greater the certainty among ENGOs that the firm is the source of an environmental impact, the more likely ENGOs are to target the firm.**

Targeting Proposition Seven: **The more consequential the firm's actions are to the natural environment, the more likely ENGOs are to target the firm.**

Targeting Proposition Eight: **ENGOs target corporations which are influential in their organizational fields because they expect mimetic isomorphism to be a factor.**

Targeting Proposition Nine: **An interrelationship exists among an ENGO's certainty that a particular firm is the source of particular environmental impacts, the ENGO's perspective of the magnitude of the consequences of particular environmental impacts, and the ENGO's assessment of the particular firm's CEP.**

FIGURE II-8
List of Propositions (continued)

Influencing Propositions

Influencing Proposition One: Stakeholders having a <u>stakeholder power</u> relationship with a firm will influence the firm to change by withholding the resource over which they have control and which the firm wishes to possess.

Influencing Proposition Two: Stakeholders having a <u>high interdependence</u> relationship with a firm will influence the firm to change by negotiating with the firm about the terms of the agreement to exchange valuable resources.

Influencing Proposition Three: Stakeholders having a <u>firm power</u> or a <u>low interdependence</u> relationship with a firm will seek an ally to influence the firm.

Influencing Proposition Four: When allying with other stakeholders, preferred allies will be those with a <u>stakeholder power</u> relationship with the firm, followed by those with a <u>high interdependence</u> relationship with the firm.

Influencing Proposition Five: In order to maximize the effect of normative isomorphism, ENGOs try to influence firms by working with environmental professionals within corporations.

Chapter III

Research Methods

Introduction

Because I was interested in examining the questions of how ENGOs assess corporate environmental performance, determine which firms to target, and select appropriate strategies for influencing them, I chose to use grounded theory methodology (Dey, 1999; Eisenhardt, 1989; Glaser, 1992; Glaser & Strauss, 1967; Strauss & Corbin, 1998). Four primary, interrelated reasons contributed to this research approach decision: 1) few researchers had previously addressed these or similar questions, 2) assessment, targeting, and strategizing is a largely subjective process and is therefore difficult to quantify, 3) the process was not well-enough understood to enable the creation of a survey or similar means of collecting quantitative data, and 4) quantitative methods would not capture the richness of detail needed. Employing grounded theory methodology to collect empirical data essentially requires the use of case study methods (Eisenhardt, 1989; Harper, 1992; Lieberson, 1992; Vaughn, 1992; Walton, 1992; Yin, 1981, 1982, 1994), and my primary means of conducting case studies was via interview: Interviewing ENGO staff members about their individual perspectives was the only way of gaining an accurate understanding of the perspectives of their ENGOs. My analysis of these interviews involved the use of qualitative data analysis (Miles & Huberman, 1994).

Also, in conducting my research, I used judgment capturing theory (e.g., Tetlock, 1991) for guidance in framing questions so as to avoid bias as much as possible. This chapter provides an overview of grounded theory methodology and case study methodology, discusses the role of the judgment capturing literature in posing questions and analyzing answers, and details the actual research process.

Literature Background of Methodologies and Methods

Grounded Theory Methodology

Glaser and Strauss' 1967 book *The Discovery of Grounded Theory* was the first attempt to describe a template for a theory-building methodology based in both qualitative and quantitative data. As Glaser describes:

> The grounded theory approach is a general methodology of analysis linked with data collection that uses a systematically applied set of methods to generate an inductive theory about a substantive area. The research product constitutes a theoretical formulation or integrated set of conceptual hypotheses about the substantive area under study. (Glaser, 1992: 16).

Grounded theory is a particularly useful way to approach an area of study that has not received much attention in the past; thus, it is an ideal method to use to study the questions of ENGOs' assessing, targeting, and influencing businesses. Grounded theory development enables the researcher to investigate the subject without predetermined notions of what she is likely to find or preconceived explanations for the causes behind observed situations or behaviors. Thus, the theory arises from the data, a result of scrupulous data analysis, rather than the data being manipulated to fit an already existing theory (Glaser, 1992: 25). Existing theories are, instead, used to inform the research (Strauss & Corbin, 1998) by helping the researcher determine areas of interest to investigate, questions to answer, circumstances under which existing theories might not predict well, and so forth. Therefore, rather than the researcher's approaching the research with a completely clean slate, she studies existing work in the field and sees whether it provides insight into the situations being studied. Despite Glaser's departure from Strauss in *Basics of Grounded Theory Analysis* (1992) – in which Glaser argues that researchers using grounded theory should approach their topic not only without preconceived notions as to what they might find but also without preconceived theory – most methodologists believe that researchers

need not ignore previous scholarly work in order to develop grounded theory
(e.g., Dey, 1999; Miles, 1987).

Case Study Methods

One can conduct case study research without using the acquired data to
develop grounded theory, but one cannot develop grounded theory without
conducting case studies. One may develop grounded theory by starting with
some general propositions, as was done in this dissertation, but one would not
have a firm enough theoretical base to develop, for example, surveys to be used
for data collection. The dependence of grounded theory on observation of
situations ties it firmly to case study methodology. Because grounded theory
development requires that the researcher conduct case studies, the literature on
case study methodology relates to this dissertation.

Although Yin (1994) is probably the most-often cited expert on case studies,
Eisenhardt (1989) sought to combine Yin (1981, 1984), Glaser and Strauss
(1967), and Miles and Huberman (1984), providing a process-oriented approach
for those in the management field attempting to build theory from case study
research. Further, Ragin and Becker's *What is a Case?* (1992) collected the
views of ten case study experts, many of whom looked at case studies used to
develop grounded theory; each expert offered a slightly different perspective.

In this dissertation, I attempt to develop an inductive grounded theory based
primarily on data collected in case studies of five environmental non-
governmental organizations (ENGOs). Lieberson (1992) and Harper (1992)
noted that small Ns can be used for effective case studies, but researchers need
to use deterministic, rather than probabilistic, thinking. In other words, developing
a useful theory based on only a few cases requires that the researcher a)
carefully study the data to determine the underlying cause and effect without
gratuitously dismissing relevant factors or interactions, and b) recognize the

generalization is severely limited until the case studies are replicated. In addition, the organizations to be studied must be selected carefully; nonetheless, researchers must keep in mind Vaughn's (1992) caution that they may end up with a case that represents something other than what they originally desired.

As a researcher conducts a theory-building case study, she records information and data, organizes it, considers possible alternative ways to categorize it, determines potential meanings for it, and compares it with data gleaned from other sources. One performs comparisons both within cases and across cases. Thus, meaning emerges from the data rather than being predetermined (Eisenhardt, 1989; Glaser, 1992). Although Eisenhardt (1989) tends to emphasize the consideration and inclusion of previous research to a greater extent than do Glaser (1992) or Strauss and Corbin (1998), all note that reviewing the literature can lead the researcher to developing a more creative, all-encompassing theory. In addition, Vaughn (1992) notes that using existing theories regarding other organizational forms or at other levels of analysis may help develop theory for the type of organization and the unit of analysis currently being studied.

Even when the researcher is satisfied that she has done an adequate job of categorizing data, determining constructs, and developing propositions, Walton (1992) indicates that she should bear in mind that the case may be reexamined in the future and be interpreted differently. This is entirely consistent with the interpretivist emphasis of the idealist research tradition (Wilson, 1983) in which grounded-theory methodology is rooted. In other words, remembering that others may have a different way of seeing the same information should keep the researcher mindful of alternative explanations.

Cautionary Comments from the Judgment Capturing Literature

Although the level of analysis in my research is the organization (specifically, several ENGOs), I recognize that *organizations* cannot make decisions. Rather, *individuals* within organizations make decisions; that is, *individuals* actually render their own judgments, which lead to decisions that determine the official position of the organization. Therefore, I had to keep in mind lessons learned from the judgment capturing theory literature. Two facets of decision making are emphasized in this literature: 1) the relative likelihood of specific types of decisions being made given different situational factors, and 2) the means people use to make decisions.

Shafir et al. (1993) summed up the first facet. When decision makers are told about the "pros" and "cons" of multiple choices, they are more likely to focus on the "pros" if they are told to select one of the choices; decision makers are more likely to focus on the "cons" if they are told they need to reject one of the choices. This was relevant for my research because an individual's account of assessing a firm's environmental attitudes and impacts might vary depending on whether that individual was trying to choose a firm to target or determine which firms did not need to be targeted.

Similarly, Shafir et al. noted that, when instructed to look for the "bad guy," individuals will focus on negative aspects; when instructed to look for the "good guy," individuals will focus on positive aspects. Clearly, this tendency relates to the process of determining which companies are doing the best environmentally and which are doing worst. It was very important for me to understand exactly the goal of an evaluation exercise when an interviewee was recounting the event for me.

As for the means used to make decisions, the researcher must understand the similarities and differences between intuitive decision making and analytical

decision making – although, of course, the decision maker herself may not (March & Simon, 1958). Prescriptive decision theorists denigrate the role of intuition, proclaiming the superiority of analysis. Nevertheless, Hammond et al. (1997) were able to demonstrate that for specific types of decision-making situations, intuition may yield a better decision than analysis. Moreover the corpus of the decision-theory literature (e.g., Kahnemann & Tversky, 1985; March & Simon, 1958) indicates that fully analytic decision making is virtually never used.

Hammond et al. (1997) discovered that, when experts were provided with intuition-inducing information for making subjective decisions, they made more appropriate decisions than when given quantitative data. The reverse was also indicated: When experts were provided with quantitative data for making objective decisions, they made more appropriate decisions than when given qualitative information. In other words, the research indicated that people make better decisions when presented with forms of data appropriate for the type of decision at hand. Similarly, many types of information might be used to assess corporate environmental performance, from hard data about toxic emissions, energy usage, and chemical spills to "softer," more intuition-inducing information such as the firm's environmental policies, its position on global warming, and its environmental management structure. When conducting my case studies, I considered which types of data were used to determine which types of decisions (e.g., general assessments, ratings or rankings).

Decision making may also involve thinking through similar previous situations and modeling the present response after them; these "instance" or "case-based" decision models are frequently described when asking people to reconstruct their decision methodology (Cohen, March, & Olsen, 1972; Smith et al., 1990). Researchers caution that decision steps may be constructed during their elicitation; that is, some other means may have initially been used, but in order to

appear "rational" to the researchers, the subject (perhaps unknowingly) constructs a different picture of the method when asked to recall it (Shafir et al., 1993). Given that I used interviews for a significant portion of my data collection, I tried to interview multiple parties about decision-making methods used in specific instances to better determine the actual procedure followed; unfortunately, this was not possible in most of the organizations that I studied.

It should be borne in mind that, consistent with March and Simon's (1958) notion of bounded rationality, the decision theory literature suggests that heuristics are important simplifying devices that may aid complex decision making. In the case of my research, the acceptability heuristic was the most problematic: People tend to frame their comments to be acceptable to their audience, often regardless of their personal views (Smith et al., 1990; Tetlock, 1991). Therefore, in eliciting information about decision making methodologies, I tried to give no clues as to my personal feeling about intuitive decision making, analysis, or heuristics. In an effort to assure the cooperation of my interviewees, I did give them the (accurate) impression I was pro-activist; rather than tainting the data, however, I believe that this admission made my interviewees feel more comfortable answering my questions honestly.

Finally, Tetlock (1991) addressed accountability for decisions. He determined that people who do not think anyone will ask them to describe how they arrived at a decision spend less time and effort making the decision than those who believe someone will ask them about their decision process. Once someone believes he will be held accountable, he spends more time thinking about possible choices, considering multiple perspectives and solutions and constructing more cogent arguments to support his choice. Nevertheless, perhaps because he has become more cognizant of the potential range of choices and the arguments for each, he reports less confidence in his decision than people who did not think as carefully through it. In the case of my interviewees, I tried to determine if they were

required to justify their evaluations of individual companies or their targeting of individual companies. Their experience with accountability could be an important factor in the thoroughness of their analysis of corporate environmental performance.

Methods Used in this Dissertation

Planning the Research

Origin of the Research Question

The research questions resulted from a confluence of a) my interest in stakeholders' means of evaluating corporate environmental performance, arising both from my attendance at CERES meetings and from my background in accounting, b) my curiosity about the myriad means ENGOs employ to influence companies, and c) my observation that ENGOs had been surprisingly successful in influencing powerful companies to make changes in significant corporate policies.

Unit of Analysis

All methodological experts note the importance of defining the unit of analysis and determining what the case is a case *of*. Here, I selected cases *of* ENGOs that have considered the environmental performance of particular companies and interacted with these companies. The primary unit of analysis is the ENGO: as Harper (1992) noted, in case studies,

> The "point of view" of the individual informant is the basis for understanding the shared points of view of the group … to which the subject belongs (Harper, 1992: 141).

In other words, interviewing individual ENGO staff members about their perspectives is the only way of gaining an accurate understanding of the perspectives of their ENGOs.

<u>Sample Selection</u>

The most important criterion for selection of the ENGOs to study was that each must have had formal or informal interactions with particular businesses. My sample included five ENGOs: National Resources Defense Council (NRDC), Greenpeace (considered by many to be toward the radical end of mainstream ENGOs because of the confrontational nature of its typical direct actions – e.g., boycotts, blockades, protests), Environmental Defense (ED), World Resources Institute (WRI), and Union of Concerned Scientists (UCS). Further detail on each ENGO studied is provided in Chapter IV.

My initial contact with potential sample ENGOs included either a letter or an email outlining my proposed research. I followed these up with phone calls and emails. During these subsequent contacts, I attempted to determine whether at least some staff members of each potential sample ENGO did, in fact, consider the performance of firms and/or target particular firms to influence. I also answered any questions the contacts had and tried to schedule visits. In addition, during the pilot study phase of the project, I provided potential interviewees within the ENGOs a one-page overview of the research (Figure III-1 on page 76), explaining more specifically what I wanted to do and why.

Strauss and Corbin (1998: 204) acknowledge that the grounded theory researcher must begin sampling by selecting a site to study, but they encourage the researcher to stay open to all possibilities during the initial sampling process, as "no concepts yet have proven theoretical relevance, so one does not know where to go to look for variations of them along the lines of their properties and dimensions" (1998: 206). As data is collected and analysis conducted, the grounded theorist begins to sample more selectively, using what Strauss and Corbin call "theoretical sampling." "Sampling, rather than being predetermined before beginning the research, evolves during the process" (1998: 202), meaning the researcher begins to select "places, people, or events that will maximize

opportunities to discover variations among concepts and to densify categories in terms of their properties and dimensions" (1998: 201). I followed this procedure throughout my case studies.

In order to provide me with an overview of the organization, I selected interviewees who represented a broad spectrum of experiences. I sought diversity across the following lines: 1) amount of experience interacting with business persons, 2) amount of experience evaluating businesses' environmental performance, 3) length of employment in the organization, 4) level of responsibility / authority in the organization, 5) types of responsibilities in the organization, 6) age, and 7) gender. I attempted to interview a minimum of ten staff members at each organization to assure that I had gotten a reasonably clear picture of that organization with regard to my research questions.

Data Collection

Data collection for this dissertation proceeded in three phases: In Phase One I conducted document review of CERES reports; in Phase Two I conducted two pilot studies at two ENGOs; and in Phase Three, I completed data collection from three other ENGOs.

Phase One

Essentially the first phase of data collection for this dissertation began in 1997. Curious about an environmental organization whose members and endorsers include NGOs, social investment firms, and businesses, I attended the CERES conference that year. I was intrigued by the annual environmental performance report required of all CERES-endorsing companies, and I conceived of a preliminary research question as a result: What sorts of factors do NGOs and social investment firms consider when evaluating corporate environmental performance? I conducted a formal document review of the instructions for the

reports as well as several of the reports themselves, which led me to construct a model (Hendry, 1999) of the inputs involved in stakeholders' evaluation of CEP.

CERES also served my data collection efforts in another way: Contacts made at CERES conferences in 1997, 1998, 1999, and 2001, as well as at the related GRI conference in 2000, were instrumental in my gaining access to the ENGOs in my dissertation sample.

Phase Two

I conducted two pilot studies – one with World Resources Institute (WRI) and one with Natural Resources Defense Council (NRDC) – which enabled me to refine my research question as well as my questionnaire. My initial focus for this dissertation was on the evaluation of corporate environmental performance by ENGOs. However, as I proceeded through my pilot study interviews, I began to notice that my interviewees were providing me with a good deal of information about targeting and influence strategies incidental to their addressing my questions about evaluation. At some point, I realized that my initial research question had not captured the complexity of or motivations behind the evaluation process. Therefore, the research focus expanded and the questions addressed by the dissertation multiplied as a result of the pilot studies: In addition to investigating the assessment process, I also sought to understand the closely related targeting process as well as the selection of tactics for influencing target firms.

Expanding the dissertation focus also required that I conduct further review of the literature. As a result, the model at the end of Chapter II encompasses portions of the literature I had not explored until additional research questions were identified as a result of my pilot studies.

Data from the seven NRDC interviews was robust enough and consistent enough with that from non-pilot case studies that NRDC was viewed as a case

study for the development of inferences. On the other hand, the five interviews with WRI did not yield enough data to be considered a completed case. The WRI data nevertheless substantially mirrored and supported that gathered from the other sample ENGOs. Therefore, WRI is referred to as a supporting study for the purposes of this dissertation: the results of WRI interviews are included to the extent that they address inferences drawn from the case studies.

<u>Phase Three</u>

   At the beginning of each interview (including those that were part of the pilot studies), I gained an overview of the interviewee's position and history in his/her ENGO as well as his/her background in the environmental movement, including education and work experience. When talking to the first interviewee at each ENGO, I also devoted time at the beginning of the interview to understanding the ENGO's structure, goals, and the interviewee's perspective on its position in the ENGO world (see Figure III-2 on page 78).

   I prepared a list of questions ahead of time for each interview (e.g., see Figure III-3 on page 79, Figure III-4 on page 80). The questions addressed to each individual interviewee in grounded theory research evolve throughout the process, in order that the researcher can verify the inferences that seem to arise from previous interviews and that she can explore new theoretical possibilities that occur to her.

> The questions that guide the interviews ... will change over time. ... They begin open-ended and tend to become more specific and refined as the research moves along. (Strauss & Corbin, 1998: 78).

As a result, rather than my pilot study's yielding a static questionnaire used throughout the interviews with later ENGOs, as might be expected to be the result of pilot studies in non-grounded theory research, I made at least minor modifications to the interview guide after virtually every interview. Figure III-2 on page 78 is comprised of questions posed to the first interviewee at each ENGO

in order to obtain a general overview of the ENGO. Figure III-3 on page 79 consists of one of the earliest interview guides used in one of the pilot studies. Figure III-4 on page 80 shows one of the last interview guides used for data collection.

I used the interview guides to remind myself of the most important data I needed to collect from a particular interviewee, but I often benefited by letting interviews unfold more naturally. Primarily, I elicited stories from interviewees, asking follow-on questions for three reasons: first, to gain greater understanding and insight; second, to confirm my understanding of what they said; and third, if there was time toward the end of each interview, to see whether my initial theoretical propositions bore any resemblance to reality (assuming they had not already been addressed). For the most part, interview guides were used a) at the beginning of each interview in order to assure I provided the same important information about the research to each interviewee, and b) at end of each interview to assure the most important questions had been addressed.

Several interviewees mentioned documents which I requested they send to me. (In some cases, I was able to obtain these from the ENGO website.) These included organizational publications for members and organizational publications for distribution to legislators, regulators, or others with an interest in a specific issue or industry. Reviewing these documents, as well as organizational websites, helped me better understand the organization and the interviewee's experiences. It also enabled me to confirm and augment the information and impressions gleaned from interviews, and it provided follow-up questions for some of my interviews as well as a good starting point for others.

Early interviews were more open-ended than later ones: The first interviews generally lasted about 60 minutes each, with one going 2 hours. As time went on, I learned to ask more directed questions about the stories interviewees told, shortening the required interview time to 30-45 minutes.

I attempted to tape all 33 of the interviews; 28 tapes were of high quality, the other five had varying degrees of technical malfunction. Data for this dissertation included transcripts of the taped interviews, field notes, and the results of document reviews.

Data Analysis

The original interview transcripts enabled me to do "microanalysis," defined by Strauss & Corbin as

> The detailed line-by-line analysis necessary at the beginning of a study to generate initial categories (with their properties and dimensions) and to suggest relationships among categories (1998: 57).

For the first three interviews, this was conducted as a word-by-word analysis to detect all possible meanings and nuances in the interviewee's comments. Although I eventually moved to analyzing at the paragraph level, I continued to conduct microscopic analyses throughout the remainder of the data analysis phase. In a few cases, I either emailed follow-up questions or conducted brief follow-up interviews to clarify points made during the initial interview.

After I completed the microanalysis of each interview transcript, I created an interview summary, which entailed a two-step process: The first step was to take the notes I'd made on each paragraph during the microanalysis and cut and paste them into one, separate document. After reading through this document, the second step was to find common themes and recombine the summary notes for that interview under each theme title. In this way, each interview was reduced to a two-to-three-page summary with headings for its primary themes. The interview summary became the basis for the interview cover sheet, consisting of one page listing the companies or industries discussed and outlining the major themes and topics emerging during the conversation.

The interview cover sheets then aided me in seeing common themes across all the interviews within an ENGO. For each ENGO, I then constructed a two-to-

three-page summary of the various things I learned about that ENGO's assessment of, targeting of, and attempts to influence companies.

I also used open coding – "the analytic process through which concepts are identified and their properties and dimensions discovered in data" (Strauss & Corbin, 1998: 101) – to analyze the interviews. I attempted to identify the conditions, actions / interactions, and consequences associated with those concepts, recording my ideas and inferences in memos.

Theory Development

As I endeavored to develop grounded theory, I referred back to the memos I'd written throughout the process, the analytical summaries and cover sheets for each interview, and the summaries for each ENGO. I listed common themes across the three complete ENGO cases, as well as contrasts between them, and I began to develop a theoretical story about how a particular set of conditions might lead to a particular possible set of actions and/or interactions, which would lead to a particular set of consequences.

Referring to the propositions and models I had created prior to the data collection phase, I developed a simple coding scheme (Figure III-5 on page 82) that enabled me to easily locate quotes relevant to individual propositions. I then created matrices to keep track of which interviewees discussed which propositions: The left-hand column of each matrix listed each interviewee's code name, sorted by ENGO, and the top-most row of each matrix listed each proposition. I used these matrices as I prepared my results in Chapter VI.

I outlined my tentative findings, including the ways in which my results seemed to agree with and differ from my initial propositions, thus developing the rudiments of a grounded theory. Lastly, I began developing a two-dimensional model of the processes ENGOs follow for assessment, targeting, and influencing.

My results, findings, and grounded theory are presented in Chapter VI, as is commentary on the propositions initially developed in Chapter II.

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FIGURE III-1
Letter to Potential Interviewees Providing Overview of the Research
Environmental NGOs and Business:
A Grounded Theory of Assessment, Targeting, and Influencing

An Introduction and an Overview of the Research
Prepared for Distribution to Potential Participants

Now an Assistant Professor in the Management Department of Bucknell University, I have had an intense interest in protecting the natural environment since I was hired into the environmental consulting practice of Arthur Young's Washington, DC office in 1988. My research interests today center on relationships between businesses and environmental organizations. The project at hand is my dissertation research: it is being funded out of my own pocket, so I am beholden to no external interests of any kind.

My goal in this research is to develop a theory about how environmental NGOs and individuals working within them evaluate the environmental performance of individual businesses and how they determine whether to try to persuade those businesses to change their attitudes and actions toward the natural environment. I hope the results of this research will facilitate relationships between the NGO community and corporations by fostering greater understanding of diverse perspectives on "environmental performance." I also believe it will be useful to other environmental organizations, particularly smaller, more locally-based ones, who are struggling to achieve similar goals with far fewer resources. In addition, it may help your organization better understand (and possibly reevaluate) its own processes and those of other NGOs.

I am proposing to interview several people in each of several NGOs, with all interviews completed by the end of August 2001. All interviews will remain confidential, and quotes will appear anonymously in the final dissertation, unless I receive the interviewee's written permission to include his/her name. I will ask my <u>first interviewee</u> at each NGO to tell me about the organization's mission, its typical modes of operation, its structure, and so forth; this should take about 15 minutes. <u>All interviews</u> will require I get some background information on the interviewee, such as job title and responsibilities, tenure with the organization, education, and previous experience; I estimate five minutes for this portion.

<u>The rest of the interview will focus on story-telling</u>; this should comprise about 30 minutes. I want you, the interviewee, to tell me about times when you discussed or evaluated a particular company or group of companies. This may have involved your reaching a personal perspective, or it may have occurred in your capacity as a representative of your organization; it may have been a formal process or simply an unofficial, informal conversation or investigation; it may have taken place over a period of hours, days, weeks, months, or years. I am particularly interested in learning:

What brought this company to your attention initially?
What qualitative considerations were significant? (e.g., media articles; direct experience with company; regulatory compliance record; pollution prevention or control procedures; environmental programs and projects; philanthropic activity; lobbying; corporate environmental policy; attitudinal evidence)
What data were important to gather?
Which people in your organization (not necessarily by name) participated in the discussion / evaluation?
How did the discussion / evaluation unfold?
What determinations were made and by whom?
Was any action subsequently taken as a result of the discussion or evaluation?
If so, how did you decide which actions to take?

FIGURE III-1
Letter to Potential Interviewees Providing Overview of the Research
(continued)

For example, you might want to tell me of an instance in which your NGO was going to issue a formal statement congratulating a company for following through with a particular clean water project, but others in the organization objected because of the company's poor air emissions record or because the company's overall environmental record was poor. I have concluded that focusing on two or three instances, at least one of which differs markedly from the others, generally fosters an enlightening interview.

In many cases in the past, I have found that reviewing documentation can be quite useful. For example, reading an organization's mission statement or perusing policy documents has been very helpful in understanding underlying attitudes and philosophical positions. Organizational charts are also helpful for grasping relationships and responsibilities across the organization. Most importantly, if you have any documentation related to one or more of your stories, my receiving a copy of this before the interview would likely facilitate our discussion. For example, perhaps one of your stories revolves around the production of a report comparing companies within an industry, which allowed you to determine the companies your organization would be willing to accept as project partners; I would greatly appreciate a copy of such a report.

Thank you for thinking about participating in this research. I hope we can talk soon.

Jamie Hendry
Assistant Professor, Management Department
Bucknell University, Lewisburg, PA 17837
Phone: 570-577-3745 • Fax: 570-577-1338
Email: jhendry@bucknell.edu

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FIGURE III-2
<u>Overview</u> Questions Asked During <u>Initial</u> Interviews

What is the organization's purpose / mission / vision for the future? May I have a copy of the organization's mission statement or other similar document? Describe it to me in your own words.

Tell me about the organization's structure. May I have a copy of the organizational chart?

How does this organization seek to achieve its goals? What sort of actions does it typically take? What sort of actions does it <u>not</u> typically take. What policies, principles, and/or positions are important to understand?
- Do you focus on specific issues that are important to your members? Which issues?
- Do you attempt to effect change via lobbying? If so, at what levels (i.e., national, state, local)?
- Do you attempt to effect change by influencing individual firms directly?
- Do you attempt to effect change by influencing customers, employees, etc.?

Give me some examples that illustrate the types of decisions the organization faces, include those made on a daily, weekly, monthly, or annual basis. What people get involved in the decision making and how?

Do you have formal meetings? How often? How long do they last? Who attends them? What do you do during them? Do you take minutes? If so, may I have some sample copies? (I'm particularly interested here in meetings during which individual businesses are discussed; I will indicate that to the interviewee when requesting copies of minutes.)

Do you publish magazines, newsletters, etc.? Who are your subscribers? What is the content of each? What are the publication's goals? Who does the writing?

Are any business people members of your organization? If so, what do they do?

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FIGURE III-3
Interview Guide from One of First Interviews

Information about you:
- •   Title
- •   Responsibilities
- •   Tenure with this organization
- •   Previous positions with this organization
- •   Other educational, volunteer, and work background which led you to this position (BRIEF)

Situations in which this organization discussed or evaluated an individual firm or firms, formally or informally.

- •   When? How did the firm get on your "radar screen" to begin with? What was the purpose?

- •   Who participated? Why *them*?

- •   Information sources? (EPA, corporate environmental reports, discussions with company representatives, discussions with community members or others with direct experience with the firm, magazines or other periodicals, etc.) Why was this information important?

- •   Things considered during your discussions / evaluations? For example,
  - o   Did you consider the company's record of regulatory compliance?
  - o   Did you consider the company's day-to-day pollution prevention or control procedures?
  - o   Did you consider the environmental programs and projects the company was pursuing?
  - o   Did you consider corporate philanthropy?
  - o   Did you consider corporate lobbying activity?
  - o   Did you consider the firm's official environmental policy?
  - o   Did you consider the apparent corporate attitude / philosophy regarding the natural environment? If so, tell me more about this.

- •   Tell me about the outcome of the discussions / evaluations. For example,
  - o   Did you reach conclusions about the firms? If so, how?
  - o   Personal perception of firm before and after
  - o   Were further actions taken? If so, tell me about them.

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FIGURE III-4
Interview Guide from One of Last Interviews

Characterize Environmental Defense and compare it to other environmental NGOs.
What is your position with environmental Defense? (job title, location in org structure)

Talk to me about one or more of the projects you've worked on at ED.
• 	Approach as a story-telling exercise, so I get a feel for your personal experience and views.
• 	Don't hesitate to tell about projects that have not been successful - different type of insight.

Have you dealt directly with people at particular companies? If so, who have those people been? (CEOs, middle managers)
• 	Why were you interacting with them? (What were your goals?)
• 	What were they like to work with?
• 	What do you think their personal attitude was toward the environment?
• 	What do you think their personal beliefs were about their company's impact on the environment?

How do you determine whether a particular company is "good" or "bad"?
How do you go about evaluating a particular company environmentally?
• 	Do you actually investigate, or is this something that you know as a result of years of working in a particular industry?
• 	Do you think about it in an overall sense? Geographically?
• 	What specific things do you consider?
• 	Which of those is most important?
    • 	Nature of business
    • 	Products (e.g., energy efficiency)
    • 	Operations (e.g., reused/recycled materials vs. raw materials)
    • 	Emissions data
    • 	Compliance data (e.g., fines)
    • 	Projects / programs
    • 	Lobbying activity
    • 	Attitude of CEO / top managers
    • 	Underlying corporate philosophy
    • 	Company history / context
    • 	Private knowledge of company activity / interests
    • 	Media reports

What type of information do you gather on a company?
    • 	How do you use that information?
    • 	Where do you find scientific sources?

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FIGURE III-4
Interview Guide from One of Last Interviews (continued)

What kinds of actions have you taken to try to influence companies to be more environmentally sensitive?
- How do you decide what actions to take?
- Did you work individually or in teams (how many people?) on these projects? (How are decisions made?)
- Does what you do depend on what tools are already in your toolbox?
- Do you draw from expertise across the organization?

Have you ever worked in collaboration with
- Other NGOs?
- Community groups?
- Governments?
- Companies? (If so, what was their motivation for collaborating?)
- Trade associations?
- Consultants?

Describe the collaboration process, including the difficulties encountered.

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FIGURE III-5
Coding Scheme

Assessing

AP1: Assesses CEP

AP2: Uses CEP report data

AP3: Quantitative measurements

AP4: Routine activities, nature of business

AP5: Programs and projects

AP6: Policies and principles

AP7: Beliefs and values embodied in culture, demonstrated through actions

Targeting

TP1: Stakeholders monitor firm, share information, take collective action

TP2: Firm size

TP3: Closeness to consumers

TP4: Brands

TP5: Previous interactions

TP6: Source of environmental impact

TP7: Magnitude of consequences

TP8: Influential in organizational field

TP9: Interrelationship among CEP assessment, TP6, TP7

Influencing

IP1: Stakeholder power, withhold

IP2: High interdependence, negotiate

IP3: Firm power or low interdependence, seek ally

IP4: Allies – stakeholder power or high interdependence

IP5: EHS professionals (normative isomorphism)

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Chapter IV

Background of ENGOs Studied

Introduction

Five ENGOs were studied in this dissertation: Natural Resources Defense Council (NRDC), Environmental Defense (ED), Greenpeace, World Resources Institute (WRI), and Union of Concerned Scientists (UCS). A discussion of sampling is included in Chapter III.

NRDC and WRI initially served as pilot study locations, facilitating the clarification of the research focus and the interview questionnaire. Because the data gathered from NRDC and WRI were consistent with the data gathered from the other three organizations, data collected from NRDC and WRI are included in Chapters V and VI.

Although enough interviews were conducted at NRDC, ED, and Greenpeace to qualify them as cases to be used in drawing inferences and developing theory, insufficient interviews were conducted at WRI and UCS for similar designation. Nevertheless, data from WRI and UCS are presented inasmuch as they provide further support for the inferences drawn from the three case studies.

Below, I provide an overview of each ENGO, including its membership, its financial sources, its office locations, its mission, and its approximate position on the political spectrum of the environmental movement. Figure IV-1 on page 98 provides a summary of comparable information for the five ENGOs studied.

Pilot Study and Case Study:
Natural Resources Defense Council (NRDC)[8]

The introduction to NRDC's website notes:

> NRDC uses law, science, and the support of more than 500,000 members nationwide to protect the planet's wildlife and wild places and to ensure a safe and healthy environment for all living things.

Although the organization works on some international projects, these are more the exception than the rule. The locations of the 32-year-old organization's offices – headquarters in New York City and regional offices in Washington, DC, San Francisco, and Los Angeles – provide one indication of the organization's U.S. focus. The descriptions of five of its seven program areas – as found on the NRDC website – further clarify this focus:

> **The Air/Energy Program** focuses on clean air standards, global warming, transportation, energy efficiency, renewable energy and electric-industry restructuring.

> **The Health Program** works on issues involving safe drinking water, pesticides, industrial chemicals and other environmental health threats (especially to children), and looks for opportunities to reduce the use and release of toxics into the environment.

> **The Land Program** works to protect the biological, ecological and natural values of our national forests, parks and other public lands, to promote improved management of private forest lands, and to reduce U.S. consumption of products made from wood.

> **The Urban Program** focuses on environmental problems confronting our major urban centers and surrounding areas. Major issues include air and water quality, habitat and open space, garbage and recycling, transportation, water supply, sprawl, and environmental justice.

> **The Water and Coastal Program** works to protect and restore the nation's water quality, fish populations, wetlands and oceans and undertakes key regional initiatives in pursuit of these goals in areas such as the Everglades, San Francisco Bay, the San Joaquin River, the Channel Islands and the New York/New Jersey Harbor-Bight.

Two of its programs offer some international components.

The International Program, often in association with other programs, works on rainforests, biodiversity, habitat preservation, oceans and marine life, nuclear weapons and global warming.

The Nuclear Program surveys and analyzes developments on a variety of nuclear weapon issues ranging from keeping track of global arsenals and the status of arms treaties, to the problems of waste and fissile material disposition, security and control.

Of its annual budget of $34 million, NRDC receives 62% from membership contributions, 24% from foundations, and 14% from other sources. NRDC employs 100-plus staff members in these program – including scientists, lawyers, and policy experts – as well as 100-plus institutional staff members who provide professional and administrative support. Many of the ENGO's projects involve the production of reports, providing information and analysis to consumers, legislators, and others about environmental problems; nearly 150 reports are available via the internet. NRDC also uses these reports as background for lobbying and litigation efforts, as will be discussed in the ENGO case descriptions in Chapter V.

Considered by many to be a mainstream ENGO – which typically means the organization engages in collaborative efforts involving NGOs, businesses, and governmental bodies – NRDC has nevertheless been criticized by other environmental organizations for being <u>too</u> willing to compromise on issues and work with businesses. For example, the ACTION Center's Corporate Accountability Project website[9] comments:

Many of these large and wealthy environmental groups [specifically NRDC and ED] have a long history of compromising on issues which other environmentalists are working hard not to compromise on. They've held back-door meetings with polluters. They take money from some of the most anti-environmental corporations. They take money from foundations like Pew and Heinz which are notorious for attaching dubious strings to the money they give out... strings which usually push the group

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[8] Except where specifically stated otherwise, the information on Natural Resource Defense Council in this section was obtained from its website – www.nrdc.org.
[9] www.corporations.org

into a position of playing footsie with the corporations that grassroots
activists are fighting. In some cases, these groups allow executives from
corporate polluters on their board!

Nevertheless, with over a half-million members, NRDC apparently enjoys
credibility among mainstream environmentalists in the U.S. Further, the
organization frequently finds itself at odds with both governmental and business
representatives. NRDC employs numerous methods in its attempts to protect the
natural environment, including litigation, legislation, report production, market
incentives, and certification, all of which were described in interviews that will be
detailed in Chapter V.

Case Study:
Greenpeace[10]

With over two-and-a-half million financial supporters in over 100 countries,
Greenpeace is a truly international ENGO: The Greenpeace International
headquarters office in Amsterdam is supported by a European Unit office in
Brussels; between these two offices, the International organization coordinates
its efforts with Greenpeace's 41 national offices, in addition to numerous other
campaign offices situated to serve specific campaign goals. One international
campaign coordinator estimated the size of the organization's staff:

> I would say 150 … work for Greenpeace International…. The majority
> of the people who are working full-time are working in the national offices.
> Greenpeace International is only the coordination unit. If you want to
> know how many Greenpeace people work full-time around the world,
> including all the national office people, … I'd say it's in the range of
> 1000….

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[10] Most of the information on Greenpeace in this section was obtained from its website –
www.greenpeace.org. Interviewees' comments are used primarily to clarify or support website
information.

Founded in 1973 to fight nuclear testing in Alaska, Greenpeace's structure and focus has evolved over time. A high-level Greenpeace International staff member described the ENGO's current organizational structure:

> Greenpeace has six campaign issues: forests, oceans, genetics, toxics, nuclear, and climate. … And then we have several departments – like the political unit, like the communications department – that are dealing with all the six campaign issues. … When I name these six, that doesn't mean that's everything Greenpeace does and nothing else, but these are the main campaign issues – … the agreed issues where Greenpeace tries to run high-profile public awareness, public pressure campaigning….

Greenpeace employs non-violent direct action strategies to achieve its goals, which places it among the radical ENGOs on the political spectrum (although as previously noted, not as radical as organizations such as EarthFirst!). Greenpeace interviewees observed:

> [Greenpeace] is strictly nonviolent, which of course is the principal for almost every other NGO. I would say it's based on direct actions as a characterizing feature of Greenpeace campaigning. [Taking direct actions means] having a very highly visible way of exposing a problem and also naming who is causing the problem and who is suffering from it.

> We are radical in the sense that we are trying to go to the root cause of the problems. So that we really have a careful analysis of underlying causes of the problem we try to tackle. So that we come up with meaningful strategies and meaningful, credible positions and solutions to the problem.

> Greenpeace's sequence of strategic thinking is classically taking information, using direct action (or release of a report in some cases) to translate that into an issue, and then strategically, once it's a public issue, [forcing] a debate that results in decisions that produce outcomes that affect that original information.

> Because what we do is fairly active, we tend to attract a lot of very aggressive people, very motivated, very driven people in some cases. The real fanatics don't last, but they don't last anywhere. But unfortunately, some of the kinder, gentler ones don't either.

Greenpeace positions itself as an international campaigning organization. Interviewees remarked:

> If you want to look at this as a market niche within the NGO movement, we always thought that Greenpeace's main skills and strength is in international and global campaigning, which doesn't mean that this is all that is needed. There is as much local and regional work necessary. But there is in our view a certain distribution of labor. Other groups are better in the local and regional work and some, like us, have specific skills in international campaigning and global campaigning.

> [The campaigns] link together. This is one of the glories of being international, of having a presence in so many countries. We can sit in the middle of the bloody Amazon and at the same time put pressure on a company from London when that company's based in Malaysia. Then you've got another layer, which is work with the treaties and conventions. Hopefully, they all fit together in one nice pie.

For its worldwide operations (comprising Greenpeace International and all its national offices), Greenpeace reported net revenues of $97 million (103 million Euros) for the year 2000. The organization's 2000 annual report indicates that 94% of its funding was contributed by individual donors. The report states:

> In order to retain its independence and in line with a strict fundraising policy, Greenpeace only accepts funds from individuals and independent foundations. No funding is received from corporations or governmental organisations.

This enables Greenpeace to emphasize its freedom from potential biases. Regarding the organization's independence, some interviewees observed:

> We are independent from political parties, we are independent from unions, we are independent from governments, and we are, of course, independent from industry. And that means we also do not take money from any of those interest groups…. The vast majority of our funding comes from private individuals.

Although Greenpeace has historically placed itself in opposition to business, developments over the last decade indicate a strong recognition that economic forces can be harnessed for environmental benefit, and that working with business can be beneficial in some cases. Ergo, Greenpeace's campaign activities have become more varied, demonstrating a wide range of capabilities for achieving environmental goals. One campaigner noted that, in the early 1990s, Greenpeace clarified its policies regarding business:

> It involved the organization … saying it was not against profits, it was not against industry or capitalism or corporate structures. None of [this] had actually been part of the organization's history or philosophy.

Greenpeace subsequently underwent somewhat of a transformation in its tactics, as described by the same interviewee:

> From that time forward, Greenpeace played both sides of the street, … outing bad guys where they needed to be brought for public chastisement and trying – grudgingly, I must say, because it's very hard for an environmental organization – to say that a big company made the right step.

Case Study:
Environmental Defense (ED) [11]

Founded in 1967 to fight the battle against dichlorodiphenyltrichloroethane (DDT, an organochlorine insecticide ultimately banned in the U.S. in 1972), Environmental Defense has annual revenues of over $40 million and has over 300,000 members. Its revenues are derived from membership contributions (59%), foundations (31%), and various other sources. Headquartered in New York City, ED has five regional offices (Austin, TX; Boulder, CO; Oakland, CA; Raleigh, NC; and Washington, DC) and two project offices (Boston, MA and Los Angeles, CA). One interviewee noted,

> We don't have any *offices* outside the U.S., but we sometimes have individuals stationed elsewhere that were originally here, but then they'll spend a year or two somewhere else to facilitate networking with groups in that area or something of that sort.

One sentence in the organization's mission statement also notes its U.S. emphasis:

> As an American organization, Environmental Defense will always pay special attention to American environmental problems and to America's role in both causing and solving global environmental problems.

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[11] Except where specifically stated otherwise, the information on Environmental Defense in this section was obtained from its website – www.environmentaldefense.org.

ED's 216 full-time staff members "work in multidisciplinary teams, combining the skills of scientists [there are over 75 on staff], economists, and attorneys." The organization has sought to position itself in the "mainstream" of the environmental movement, developing creative policies and taking innovative actions acceptable to a large percentage of the American public. A segment of the mission statement provides additional insight:

> Environmental Defense will be guided by scientific evaluation of environmental problems, and the solutions we advocate will be based on science, even when it leads in unfamiliar directions. Environmental Defense will work to create solutions that win lasting political, economic, and social support because they are bipartisan, efficient, and fair.

Several interviewees' comments may provide further clarification and support for this notion:

> In the political spectrum, in the spectrum of environmental groups, I'd say we tend to be more leaning towards the conservative end. We're very willing to sit down with business and try to work things out. … We tend to be towards the right <u>within the environmental movement</u> [emphasis mine].

> The way I viewed Environmental Defense [prior to working here] is that it chose its battles wisely…. My view of Environmental Defense is that it was more focused on positive steps. By and large, I also viewed that they were much more interested in coming up with <u>politically feasible</u> solutions rather than *no* solutions….

> And so while one element in there is compromise, another element is really thinking about how you take all the different interests and come up with a solution that starts to address a lot of those interests.

> That is our tag line as an organization: "Finding the Ways that Work." Creative solutions to solve complex problems is the [modus operandi] of the organization.

One Greenpeace staff member noted:

> Environmental Defense Fund … are coming from a different place than we are. They're much more mainstream, shall we say. They fit much better with an American paradigm of how an environmental group should be than we do. They spend a lot of time and energy and effort working *with* business….

According to the Environmental Defense Strategic Plan, the organization will concentrate on four goals in the future:

1. Stabilizing the Earth's climate by reducing emissions of greenhouse gases.
2. Safeguarding the world's oceans from pollution and overfishing.
3. Protecting human health from exposure to toxic chemicals and pollution.
4. Defending and restoring biodiversity, with particular concentration on rivers and watersheds.

With the exception of one interviewee, all interviewees for this research were in either the Alliance for Environmental Innovation (AEI) or the Pollution Prevention Alliance (PPA), two subgroups of ED.

Alliance for Environmental Innovation (AEI)

According to AEI's website:[12]

> The precedent for the Alliance was set by the ground-breaking partnership between Environmental Defense and McDonald's Corporation, which resulted in over 40 strategies for fast food companies to reduce waste and encourage recycling. In 1994, Environmental Defense and the Pew Charitable Trusts jointly established the Alliance for Environmental Innovation to continue to develop and replicate the success of this partnership approach.

An interviewee commented further on the modus operandi and goals of AEI efforts:

> Once McDonald's, who is the market-leading company, made all these packaging switches, a lot of other companies followed – Wendy's and Burger King and such switched to brown paper bags and got rid of the polystyrene containers and did a lot of things that McDonald's had done. McDonald's had led the way. And we [hope] for a similar kind of effect [from other] industry … projects.

One AEI interviewee noted the range of companies that the organization has partnered with:

> Since we were created in 1994, we've done … projects with a number of companies, including SC Johnson, Starbucks, Bristol-Myers Squibb…, UPS…, and … FedEx.

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[12] www.environmentaldefense.org/Alliance/aboutus.html

The AEI website describes the various aspects of the organization's operations:

> Creating win-win solutions: Our multidisciplinary staff … works with private companies to implement innovative environmental strategies. The core strategies we pursue are:
>
> > **Defining New Best Practices**: By working with companies who are leaders in their industry, our projects automatically create new industry best practices….
> >
> > **Greening the Supply Chain**: Many of our projects seek to increase the demand for environmentally preferable products and raw materials….
> >
> > **Motivating Broad Change**: Because our partners are market leaders, they create a "ripple effect," motivating other companies in the same industry sector to make similar environmental improvements….
> >
> > **Paving the Way for Stricter Controls**: Our projects demonstrate that environmental goals often thought to be unattainable can be both economical and feasible….
> >
> > **Demonstrating the Business Benefits of Environmentalism**: … Often, environmental improvements result in significant cost savings …
>
> Current Project Areas:
>
> > **Paper and packaging**: The paper and packaging industry generates more waste than any other in the U.S. and causes environmental impacts that include deforestation, loss of biodiversity, air and water pollution, and greenhouse gas emissions….
> >
> > **Vehicles**: Vehicle emissions account for 33% of greenhouse gas emissions, 53% of NOx emissions and 25% of particulate matter emissions in the U.S….
> >
> > **Formulated products**: The environmental impacts of formulated products stem largely from the hazards posed by the chemicals that go into them, and from the pollution and energy required to package them….
>
> Funding: To maintain our independence and credibility, the Alliance does not accept any form of compensation from our companies with which we work. The Alliance is funded by grants from foundations and government agencies, and through contributions from Environmental Defense members and benefactors.

Pollution Prevention Alliance (PPA)

According to PPA's website:[13]

> The Pollution Prevention Alliance (PPA) unites Environmental Defense and nearly 200 local, state, regional, and tribal organizations to promote pollution prevention and sustainable communities in the Great Lakes region. PPA provides a means for diverse constituencies to combine their resources and expertise to develop effective strategies and create change at numerous geographic and political levels. PPA's staff of engineers, attorneys, economists, and organizers work to make industrial pollution prevention standard practice and promote sustainable Great Lakes communities.
>
> **Citizen Ozone Monitoring Network** … has put newly developed technology into the hands of community volunteers to collect localized data on smog. This project now includes over 80 volunteers in several communities in Cleveland, Dayton, Atlanta, Buffalo and Washington DC.
>
> **Environmental Sustainability Kit**: … Ideas, procedures, and resources -- to help local leaders, residents, and businesses work toward making their own communities more sustainable.
>
> **Environmental Health Action Guide** … provides Cleveland residents with information to help them solve local environment and health problems….
>
> **Environmental Livability Index**: Rates the performance of Dayton and Cleveland on a variety of environmental issues….
>
> **Industry Sector Community Guides** … help you identify pollution prevention solutions to the current polluting practices in the Iron & Steel, Petroleum Refining, and Automotive Assembly industries.
>
> **A Guide to Cleaner Vehicle Design, Use, and Disposal** … helps provide you with a cradle-to-grave perspective on pollution in the automotive industry….
>
> **Scorecard** … is an easy-to-use, interactive tool that allows you to use your zip code to access information on data and environmental health effects of an increasing number of environmental issues….

Two comments from PPA interviewees help to clarify the ways in which PPA's practices differ from those of AEI.

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[13] www.environmentaldefense.org/programs/PPA/

> There are others of us who do engage directly with companies, but not constrained by the same parameters that guide the work of [AEI]. That group is purely pick a market leader in a segment and sit down with that one company, … regulatory issues not on the table, and talk through ways they could improve their environmental practices in a way that makes business sense.

> The Pollution Prevention Alliance … does a combination of things. We work with industry, sort of those arm's length partnerships, but we also worked on policy.

An ED interviewee affiliated with neither AEI nor PPA noted a similarity among the approaches of both of those ED sub-groups, which was not like her own approach:

> The Pollution Prevention folks and the Alliance folks are more interested in coming up with specific technology fixes. … What we've done in our group is step away from saying "Here's how you have to do it." Instead, we've focused on … whether you're measuring it accurately and whether it actually happens.

Pilot Study and Supporting Study:
World Resources Institute (WRI) [14]

According to its website,

> WRI is an environmental think tank that goes beyond research to find practical ways to protect the earth and improve people's lives.

As a think tank founded in 1982, WRI has never spent a great deal of time working on advocacy issues and lobbying, but rather provides information about the state of the world's environment to consumers, legislators, and others. The organization also collaborates with other organizations on a wide range of projects: As of this writing, the website lists 481 partnerships in 66 countries, with 318 of those partnerships being outside the U.S.

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[14] Except where specifically stated otherwise, the information on World Resources Institute in this section was obtained from its website – www.wri.org.

WRI's Board of Directors consists of professors, journalists, businesspeople, and leaders of other nonprofits. Directors represent organizations in countries from North America, South America, and Asia.

WRI's 125 full-time staff are all located in its headquarters office in Washington, DC; the organization does not have any branch offices. WRI receives 80% of its $20 million in annual funding from foundations and governments, with additional funds coming from corporate sponsors, international agencies, and even individuals.

WRI is organized into seven program areas: 1) Biological Resources Program; 2) Climate, Energy, and Pollution Program; 3) Economics and Population Program; 4) Global Forest Watch Program; 5) Information Program; and 6) Institutions and Governance Program; and 7) Management Institute for Environment and Business. Numerous supporting and specialized departments also exist.

Supporting Study:
Union of Concerned Scientists (UCS)[15]

The smallest organization in the sample, UCS has 50,000 members and $7 million in annual revenues. Sources of its annual revenues include foundations and other grants (56%), membership and individual contributions (35%), and others (9%). UCS has 60-plus full-time staff members; the headquarters office is in Boston, Massachusetts, and branch offices are located in Washington, DC, and Berkeley, California. The ENGO has maintained a focus on sound science throughout its history, and now has 2,000 scientists working with its Sound Science Initiative to provide well-grounded information to governments, the

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[15] Except where specifically stated otherwise, the information on Union of Concerned Scientists in this section was obtained from its website – www.ucsusa.org.

media, and the public. One interviewee commented on the UCS's primary
activities:

> We are kind of a full-service house. … The bedrock of everything we
> do is sound science: solid, sound, peer reviewed, rigorous, absolute
> premium on accuracy; … that's so critical for our credibility. So the
> starting place almost always is research and analysis. So in any given
> year, we produce a half-dozen major technical reports and a range of fact
> sheets – quick, analytical pieces.

Faculty members and students at MIT founded UCS in 1969 to address
concerns about the use of science and technology to support defense and
nuclear arms. An interviewee described the evolution of UCS's programs:

> Initially, it was nuclear arms control. Then it went to nuclear reactor
> safety. Then it was global climate change. And from that, what we call
> climate solutions, advanced vehicle technologies, transportation, clean
> energy and energy efficiency. More recently, we've gotten involved in
> biotechnology. We have a biodiversity program that is a newer program
> that looks at invasive plant and animal species. We have a fledgling
> forestry program. And so on.

The ENGO's insistence on solid, sound, and rigorous scientific investigation is
likely responsible for its reputation among government representatives; the UCS
website notes:

> Our advocates are highly respected in Washington, D.C., as well as in
> state capitols, and are frequently called to testify before government
> committees.

In addition to the production of reports and testifying before governmental
bodies, UCS also lobbies legislators and agency representatives. The
organization has established an Action Network of 40,000 members; emails keep
them updated on environmental happenings and issues and encourage them to
contact their governmental representatives to encourage them to take specific
actions.

Five programs provide direction for most of UCS's energies: food and
environment, clean vehicles, global environment, clean energy, and global

security. Although most of the organization's efforts in the past avoided direct relationships with or direct actions against firms, this appears to be changing. Interviewees mentioned the possibility of becoming involved in shareholder resolutions, participating in boycotts of international companies, and taking other direct actions to influence corporate policies.

FIGURE IV-1: Comparison of ENGOs Studied

	NRDC	Greenpeace	ED	WRI	UCS
ROLE IN THIS RESEARCH	pilot study, case study	case study	case study	pilot study, supporting study	supporting study
GEOGRAPHIC FOCUS	mostly U.S.	international	mostly U.S.	international	mostly U.S.
YEAR FOUNDED	1970	1973	1967	1982	1969
ANNUAL BUDGET	$34 million	$97 million	$40+ million	$20 million	$7 million
FUNDING SOURCES	62% membership 24% foundations 14% other	94% individuals 6% other	59% membership 31% foundations 10% other	80% foundations & governments 20% corporate sponsors, international agencies & individuals	35% membership & individuals 56% foundations & other grants 9% other
STAFF MEMBERS	200+	approximately 1000	215+	125+	60+
MEMBERSHIP	500,000+	2.5 million (in 100+ countries)	300,000+	not membership-based	50,000+
HEADQUAR-TERS	New York City	Amsterdam	New York City	Washington, DC	Boston, MA
OTHER OFFICE LOCATIONS	Washington, DC San Francisco, CA Los Angeles, CA	European Unit: Brussels 41 National Offices	Regional Offices: Austin, TX Boulder, CO Oakland, CA Raleigh, NC Washington, DC Project Offices: Boston, MA Los Angeles, CA	none	Washington, DC Berkeley, CA

Chapter V

ENGO Cases

Introduction

As noted in the previous chapter, five ENGOs were studied in this dissertation: Natural Resources Defense Council (NRDC), Greenpeace, Environmental Defense (ED), World Resources Institute (WRI), and Union of Concerned Scientists (UCS). NRDC and WRI initially served as pilot study locations. NRDC was also used as a case study in the development of inferences, as were Greenpeace and ED. An insufficient number of interviews was conducted at WRI and UCS to consider them case studies; nevertheless, data from interviews conducted at both organizations is included in this chapter and the following, since they provide further support for the inferences drawn from the case-study data.

What follows are mostly narratives supplied in the exact words of interviewees. Where necessary to clarify the organization of the story and the meaning of the interviewee, I have paraphrased interviewee comments. In two cases, I have paraphrased all the comments of the interviewees: once because of tape recorder malfunction, the other time because the interviewee requested direct quotes not be included.

Natural Resources Defense Council (NRDC)

Overview

NRDC served as a pilot study for this research. At the beginning, most of the questions that respondents addressed concerned the assessment of particular companies by the ENGO. Thus, not all interviewees presented stories about influencing companies (as was generally true for Environmental Defense and

Greenpeace). Nevertheless, three NRDC interviewees discussed the Benchmarking Air Emissions report and the legislative and litigation efforts that have arisen in its wake. Another interviewee spoke about the Energy Star program. These stories are presented below.

Lobbying for Energy Regulations

Targeting the Power-Generation Industry. Experts in the air-energy group determined several years ago that 30% of the four worst kinds of air emissions – sulfur dioxide (SO_2), nitrogen oxides (NO_x), carbon dioxide (CO_2), and mercury – come from power plants; thus, the group chose to target the power-generation industry.[16]

> NR#1: The electric industry is responsible for 2/3 of the SO_2. That's acid rain. So if you address the air pollution from electric generation, you've addressed acid rain. That's 2/3 of the problem. And then it's a little bit over a third for NOx, which is smog, for mercury, which poisons lakes and rivers, and for carbon dioxide, the main greenhouse gas. So you can get 30% of all those problems just by this one industry. So, from an environmental perspective, you want to get the biggest bang for your hour of time invested, [and] the energy industry is the biggest ticket item.

The Environmental Stance of Public Service Electric and Gas (PSE&G). The largest electric utility in New Jersey, PSE&G seeks opportunities to build a good environmental image. The company approached NRDC's air-energy group to see whether the two organizations could work together. NRDC gave them some suggestions, and PSE&G capitalized on them. The firm's motivation to perform well environmentally is championed by people at all levels of the company, from the president down. The NRDC interviewee pointed out that, when the company resists changing its behavior, it is often because company

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[16] When multiple interviewees are quoted regarding the same instance in which their ENGO assessed, targeted, or influenced a firm, I have inserted the particular interviewee's code name at the beginning of each quote.

employees truly believe that the corporation's actions are not harming the environment.

> NR#1: We went to [PSE&G], and said, "It makes more sense for you to invest in efficiency than it does to invest in power plants." And they really ran with that. They were spending more than anybody nationwide on energy efficiency … because they knew their nuclear assets were a huge liability from an environmental perspective. … And I think they really wanted to have a good environmental image. And there were people in the company who were very proactive about getting the whole company moving [toward] environmental stewardship. And the previous president of the utility was personally very interested in that. And his [successor] has maintained … that direction. … It was really taken to heart by a lot of people in the company.
> Most people, I think, who are inside the company [PSE&G] don't think that they're the evil empire. … The people … have kids, and they go hiking, and they really don't think that they're doing horrible things. And so once you are actually talking to those people at a more detailed level about a specific issue or policy, … we could completely disagree on things, but it's not like they're like, "Well, we pollute the environment, and we don't care about it. We care about making money." That's not what they say, and that's not what they believe. There are genuine disagreements [between PSE&G and NRDC] about how to go about doing things and what the real environmental impact is of some of the things that they do. …

The Benchmarking Air Emissions Report. PSE&G and NRDC worked together to sponsor the compilation of a report entitled "Benchmarking Air Emissions," comparing publicly available air emissions data for the largest companies in the electric utility industry. They each believed this information could be widely used to affect operations of those companies.

> NR#3: [The "Benchmarking Air Emissions" report] was done jointly with Public Service Electric and Gas. PSE&G … in New Jersey is a company that wanted to collaborate with us for quite a while, but we weren't sure we wanted to…. Once we have a clear policy objective that we're trying to achieve, we try to build relationships with those that are going to help us achieve our policy goals. … [In this case,] for us, it was important to make this information available to advocates and others who could then say this is what's going on.

The Benchmarking report provides summary information of the emissions that electric utility companies reported to EPA, DOE, and other governmental

agencies. The 1997 report used 1995 data and comprised only the 50 largest companies in the East, and the 1998 report used 1996 data and comprised the 100 largest companies throughout the country.[17] There is a significant variance in SO_2, NO_x, CO_2, and mercury emissions by electric utilities, whether calculated on a power-plant-by-power-plant basis or a company-by-company basis. NRDC wants most to influence the companies with the highest normalized emissions (tons of emissions per megawatt hour of power generated).

> NR#3: We basically have a huge difference in air emissions between power plants, and we know that. Look at the difference in emissions by company, from highest to lowest. Sulfur emissions, highest to lowest. These are the 100 top generating companies. For us, this gives us a lot of information that helps us politically and policy-wise. Where are you going to solve the problem? AEP [American Electric Power] and Southern and TVA [Tennessee Valley Authority] [the companies polluting most, according to the report].

Collaborating with Companies That Want Regulation. Companies want regulations that level the playing field and that may provide them with competitive advantage and increased profitability. And laws are more likely to be greeted favorably by legislators when many of the companies to be regulated support those laws. Thus, NRDC is able to identify companies with which to form coalitions to lobby for environmental legislation.

> NR#1: But anyway, there are a lot of people in the company [PSE&G] … who really believe that they can have a good environmental position. … And they're very, very sensitive to the competitive issues that are related to that, like … Midwest … competitors who can undersell them because they don't have to meet the same standards that New Jersey does. I mean, they'll fight those standards tooth and nail, but once they're living with them, then they want everyone to live with them, too. … So they [energy companies] are very interested in having federal legislation with strong environmental provisions, because New Jersey [regulation] is already stronger than … the Midwest or a lot of the rest of the country -- so that's how you start getting this broad-based coalition together.
> The companies are saying, "We really want this package of other provisions about electric restructuring or that we really support for

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[17] See the 1998 *Benchmarking Air Emissions* report.

business reasons." They're all business people …; they have a responsibility to their shareholders, and they have to find a legitimate business reason to do the more environmentally progressive things that I would want them to do. I view my job as helping them answer that question. …

I negotiate more with companies than with regulators or legislators, because there's no point in me going to regulators and legislators unless I have a coalition of people that's broad enough that those guys are going to do something. Because there's no place I work that's 100% liberal Democrats who are just willing to do anything on the environment that I say is worthwhile. You have to come with a group. It doesn't have to be everybody. But if I can't convince them or I can't give them enough information or put them in touch with enough experts and consultants that they can convince themselves that it makes sense to go down this road, then I'm not going to get anywhere on the political front.

Some of the companies with which NRDC lobbies may have objectionable environmental records; NRDC overlooks this for the sake of favorable environmental legislation. Nevertheless, NRDC is very careful to avoid greenwashing[18] companies in the process.

NR#1: So there are lots of companies who make environmentally sound products, or some part of their business is environmentally preferable to others, who don't do anything or aren't interested or are even obstacles in the policy arena.

And then there are … a lot of electric utilities … that have a lot of nuclear power plants that are horrible for the environment, but they're some of my greatest allies, because there are things in the policy arena that they are convinced are really good for them or could possibly result in a competitive advantage for them down the road, that they're willing to put some political capital on the table to move an environmental agenda. Even though there's another part of their business that I have a real problem with, that doesn't mean I can't work with them.

They're all companies that have lots of bad things on their books that we wouldn't like. But we're not saying they're a great company overall. We're saying this is a package that has really great environmental provisions and other things that we can live with in order to get these. … You have to be clear about what you're doing, if you don't want to be greenwashing the rest of their business. So I'm not saying, for example, that PSE&G is the greatest company and should be getting all these

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[18] Greenwashing is said to occur when a firm tries to appear more environmentally reponsible than it actually is. On occasion, an ENGO's comments about or interactions with a company are interpreted as an endorsement of the company's overall behavior regarding the natural environment; this is one form of greenwashing.

environmental awards and be wholeheartedly praised in all respects. But if they didn't work with me on electric restructuring for New Jersey, we wouldn't have the billion dollars that we have to invest in energy efficiency and renewables. … I needed them as a partner to get this other good stuff, because they're the biggest utility in New Jersey. …

Lawsuit Against American Electric Power (AEP)

When the EPA and Justice Department approached NRDC litigators about joining a lawsuit aimed at companies flagrantly violating one of the provisions of the Clean Air Act, the air-energy group used the *Benchmarking Air Emissions* report to identify a potential target for NRDC litigation efforts. A company with extremely high normalized emissions is now the defendant in a federal lawsuit on which NRDC is a complainant.

> NR#6: One [of the biggest lawsuits] is against American Electric Power, that I'm bringing along with the federal government and eight states, it's one of the cases that Cheney has asked EPA to review….
> The … case came to us through government, through the EPA and Justice Department and other environmental groups. There's been a big initiative by the federal government asking for help, actually, to try to enforce a particular part of the Clean Air Act that had gone under-enforced for many years. And so it was part of a bigger campaign [since 1998 or 1999] to make this part of the Clean Air Act meaningful. … We knew there had been widespread flouting of these particular requirements, and we were out there looking for the companies that were doing it the worst, … big companies, but we were also looking for the ones who were breaking … this particular law. … [AEP was] the worst violator. Which is related to the fact that they're large; so they have lots of opportunities to violate…. They're among the worst, and they're among the largest. …
> You know, it was very tough. Because a lot of this stuff is sort of uniquely within their control. So we had people researching public utility commission records, testimony from the company [at rate hearings, for example], and we were looking at utility databases that talked about their emissions and the money they spend. We were graphing variables. But even with all that information, it was still very tough to identify. We were looking at filings with the Federal Energy Regulatory Commission that identify capital projects. So it was a combination of many different kinds of information from public sources.
> The big, sophisticated companies really ought to know what the law is. So there's not exactly a fairness angle, but they should be responsible. And I have a sense of that when I do a case like this. I don't want to sue some mom & pop, [because there's probably some ignorance there]. But I

don't feel like there's any excuse [for AEP] – first of all, there isn't ignorance, and if they're purporting to have ignorance, it's not so. These companies are very, very sophisticated. They know what the law is, and they helped make the law. They do a lot of lobbying, they have a lot of lawyers, so there's a sense that they really ought to be charged with knowing what they're doing. …

The main thing is probably … violating the law knowingly and in a way that they don't have to be doing it, and the reason they're doing it is because it costs a lot of money not to do it. But people are suffering because of their actions. … It's the deliberate avoidance of truth and regulatory requirements at a great expense to people out in the world or their own workers in order to save money. …

[When the federal government came to us with this case against AEP], we didn't do it just because they asked us. We were looking for these on our own at the same time. It was in the air. Everybody was looking at these. It worked out that we are collaborating with them. We've brought our own case, but it was consolidated with their case against this company. We're working very closely with them. … Our air people thought this was a really important issue, partly because people had worked hard to get this particular aspect of the Clean Air Act in place many years ago. And there was a growing sense that it was just being completely flouted by industry, and that government wasn't enforcing it that well, and that the consequences were so huge in terms of human health and everything else. I mean, these coal-fired power plants, one of the reasons we target them is they're responsible for a disproportionate amount of pollution…just a huge amount… And so controlling these plants, you can just get a big environmental benefit.

What we add to these cases, besides plain old person-power, is that we represent people who live near these plants. The industry has tried to portray these cases as sort of a Northeast versus Midwest thing, because all the states doing them are Northeast states, sort of big unfair government versus these power plants. But we represent, in our case, fourteen citizens groups, many of which are local groups out near these plants, and NRDC members near the plants, and that's an important element of this.

We're suing them for eleven different power plants. You know, it's a big case, and there aren't exactly economies of scale, but certainly the consequences of winning a case like this would be, besides making precedent, we're talking about thousands and thousands and thousands of tons of pollution. And this is a company that runs a big sector of the market, and [it could] just have more impact on the industry…

We would rather not sue. I mean, we can't sue everybody. We want to solve the problem. And if a company is going to solve the problem itself, or if our threatening to sue is enough, that would be great….

Energy Star[19]

One of NRDC's early successes in energy efficiency was a lobbying effort to enable the collection of funds from electric utility customers for the support of energy-efficiency projects. These funds are used to develop market incentives for customers, manufacturers, distributors, and retailers. The pot of energy-efficiency funding provides direct payments to manufacturers for the development of energy-efficient products, but simply providing manufacturers with incentives to put energy-efficient products on the market does not encourage energy-efficient thinking and production. Each link in the chain must be addressed, as distributors and retailers must understand the benefits of the products so they will buy them from manufacturers and so they will tell customers about those benefits, thereby encouraging customers to purchase these products. In this way, manufacturers benefit via up-front monetary receipts as well as from sales of the product.

One energy-efficiency market incentive project that NRDC has focused on in recent years is the Energy Star program, which began as a program for home appliances and has now expanded to include programs for ceiling fans and entire homes. NRDC works with the U.S. Department of Energy and the Environmental Protection Agency to set standards for energy efficiency for each industry. Products are tested to determine whether they meet the standard, and if they do, they earn the Energy Star label. Distributors and retailers are trained in marketing Energy Star products, and end-user customers are familiar with the label as a result of Energy Star publicity campaigns; brochures provide additional easily understood information to assure that end-users recognize the potential benefits of buying an Energy Star product.

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[19] One interviewee provided all the information on Energy Star. Because my tape player did not record the interview that comprises this section, all of the material on Energy Star is from my field notes taken immediately after the interview; none of the following are direct quotes from the interviewee.

In developing standards for entire industries, NRDC often works with trade associations. In these instances, to capture the support of all companies in the industry, NRDC attempts to set a product standard enabling at least one product from each company in the industry to qualify for Energy Star. On occasion, however, industry trade associations are not willing to ask any of their members to improve; the associations will agree only to the efficiency level of the least-efficient company in the association. In these instances, NRDC approaches individual companies instead, in particular those above that lowest level. Invariably, this comes back to haunt the worst-performing companies. For example, in the home-appliance industry, NRDC ended up working with Maytag and Whirlpool, both of whom have histories of being proactive about energy efficiency. General Electric, on the other hand, would not become involved, and the market has forced GE to improve in order to meet standards it had no part in creating.

Greenpeace[20]

Overview

Greenpeace interviewees came both from Greenpeace International and from Greenpeace national offices. Five interviewees were involved with the Forests Campaign. Their stories overlapped. One interviewee from the Canadian national office was involved in the British Columbian (BC) Clayoquot Sound campaign. This interviewee also spearheaded the subsequent campaign in the Great Bear Rainforest, on which she was joined by a second interviewee who is a Greenpeace International campaign coordinator. A third interviewee worked to block a BC logging company's market in Germany, while a fourth worked to impede its market in the United Kingdom (UK). A fifth interviewee is working in

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[20] At least four Greenpeace interviewees are not native English speakers, so some of the quotes may seem awkward. In some instances, I made grammatical corrections, but on most occasions, I did not.

Manaus, Brazil and has had some involvement in obstructing a Malaysian company, WTK, from logging on indigenous people's lands. As part of that effort, the fourth interviewee worked to prevent WTK from selling its lumber in the UK. These interwoven stories appear below.

A sixth interviewee discussed Greenpeace's Genetic Engineering Campaign, and a seventh talked about Greenpeace's interactions with and posture toward the oil industry. Data from these interviews is presented following the Forest Campaign interviews.

The Global Forests Campaign:
Introduction

Because the destruction of old growth forests has significant biodiversity and climate change ramifications, Greenpeace has prioritized the protection of ancient forests globally.

> GP#2: What we are saying is that 80% of original global forest cover has already gone, and only 20% of largely undisturbed forests remain. Obviously, for issues of biodiversity protection [and] climate, … there's a strong argument to protect as much as possible from the large, unfragmented ancient forest areas that are left. They're called ancient forests, or sometimes virgin forests, or old growth forests. … Our vision is to have mapped out … the last remaining large unfragmented ancient forest areas; and then to determine which of these areas need to be protected permanently, and which of these areas can be used sustainably. [Sustainable use means] certified operations such as FSC [Forest Stewardship Council], but also obviously for non-wood forest product use: for example, rubber tapping, berries, mushrooms, and other goods that are in the forest that can be harvested without major impact on the forest and its biodiversity. In some areas, … we are … helping communities demarcate their land, because once they have demarcated it, then it's out of bounds for … large-scale commercial logging activities.
> So in the process of this, what we believe we have to do at the moment is have a preliminary or a provisional moratorium on logging in large, unfragmented ancient forest areas until all this mapping and zoning is completed; because otherwise, we run the risk that areas are gone before we actually have determined if they should be protected or not. …
>
> GP#9: We have more than a billion hectares of ancient forest out there that need better protection. We can't do them one after the other. It would take hundreds of years. And so it's very clear that we will have to

link these regions more together and have a more global outreach. …
You get the parallels in different parts of the world. We are campaigning
also in Russia, and in the Amazon, and in central Africa, and on
Indonesia, and on Papua New Guinea and so on. So we are trying to link
this more together and still trying to be specific enough to have the best
effectiveness for each region.

Logging is only one threat to the global forests, even though it's
arguably one of the biggest. Especially in the northern forests, it's really
the dominant problem. In the tropics, it [logging] has a very important
door-opening effect on other destructive forces. In the long run, you have
to look into mining, river damming and consequent flooding, forest
burning, clearing for agriculture, and all these kinds of things.

GP#8: The temperate rainforest is a very unique ecosystem on a
global scale. It has some of the oldest trees in the world, so you've got
cedar trees that might grow to be 1000 years old and huge, huge, huge
trees where, in some cases, it would take ten people holding hands to
circle the base of the tree. And they're very slow-growing. They're forests
that will not grow back easily. … It's notable that the temperate rainforest
had extended from Mexico all the way up through Alaska, but that there is
not one large intact valley in the lower 48 states of the U.S. – they've
logged it all, they've lost it all. It's been cleared in most other countries
where it was originally found. So those arguments are quite compelling

One key to success in protecting old growth forests internationally is the
formation of coalitions that include ENGOs which employ a diverse array of
operational tactics. This enables the coalition to reward companies when they
begin to adopt behaviors toward the natural environment which the ENGOs
consider "good" and punish companies which maintain "bad" activities.

GP#2: Ideally, always [we split up the activity] to play to our strengths.
For example, we work also together, where it is appropriate, with
Worldwide Fund for Nature internationally. Now they work much closer
with business, in terms of offering them the carrot, in terms of saying,
"Look, if you work with us, if you come in and have this agreement about
how much you care about the forest, you get our logo or you become an
industry that joins what they call their 'buyers group' or their forest and
trade network." So they are on the road to become good guys. But
sometimes, they're on the road to become good guys, only they never
become good guys. And that's when we come in, Greenpeace. Our
strength is to expose scandals, to expose inaction, to expose forest
destruction. And we are maybe in that respect a bit more radical. We also
know that you need both: you need the carrot and you need the stick to
get people to change. It's a slow process.

Most of the work of the Global Forests Campaign includes interactions with logging companies. These firms typically do a great deal of clear cutting, which is much easier than selective logging, and are often resistant to changing their logging methods.

> GP#2: The logging companies are not always the easiest to move, because they have done things their way and they like to do things their way. So it's quite an effort to convince them to do things in a different way. It's obviously much more complicated to do selective logging rather than to clear-cut a whole area. ...
> It's about a transformation of the logging industry. We don't want the logging industry to go away; that would be completely silly. But it has to do its business in a different way.

One interviewee noted the importance of ensuring the commitment of corporate CEOs when negotiating with businesses.

> GP#2: Often, when we make our first way with, for example, the corporate consumer, [we deal with] their buying departments. We don't have to deal with necessarily the chief executive if their buyers are wanting to buy the right things. If they come back to us and say, "We have a problem," then we may need to go on a different level. When we talk with them at a negotiation table, they usually have chief negotiators, which is fine, which we have as well, because you want to negotiate with someone who can negotiate. But obviously you also need to have the authority to make a deal at the end of the day. So what you then want is that any agreement that is made is confirmed by the CEO. ... You need to have the commitment of the CEO.

"Markets-pressure" campaigning is often used to influence logging companies, because it provides an economic incentive.

> GP#2: At the end of the day, they want to sell their goods, so they have a market. And they can only sell if the market buys. So if the market says, "No, sorry, we can't buy your logs. Your logs have blood on them," or, "Your logs have dead gorillas on them," or whatever, then they're stuck with their product. So we go to the corporate consumer, who may be catalog producers, publishers, DIY [do-it-yourself] markets, building industry, and the traders. We bring the traders in as well and say, "Do you know what you are buying?" And with most of them, we just have conversations. When they know who they're buying from, many of them actually say, "No, I had no idea. This is horrible. I'm very concerned here." And they want to use their purchasing power to achieve change. Some do. Some don't really care, and then sometimes we use other

Greenpeace-tested tactics of exposing what they are doing; and then the public is outraged; and then the public gets on, for example, to the publishers and says, "Look, if you don't buy your paper products from somewhere else, we are not interested in your magazines and your catalogs anymore." So at the end of the day, through the markets, through this consumer choice, as long as the public is with you, and the public is outraged about what is going on, you get that pressure through the public consumers and through the corporate consumers. ...

There are some companies who begin to understand and who have brought in different people to <u>help</u> them understand that they have to change their ways. But I think there are other companies who basically have to make the bottom line work out, and all they see is the customers are going. The moment they get increased demand for whatever their product is on the market, they can ignore the environmental pressure. It's basically an economic argument. Their business is to make money out of logging. … They basically need to make money. And if they can make money off clear-cut logging, they will do it. And if they can make money by doing it in an environmentally friendly way, because that's what the customers want, they will do it. Will they be convinced that it's the right way? Some maybe, some maybe not.

The Global Forests Campaign:
Saving Clayoquot Sound

By 1993, a grassroots ENGO called Friends of Clayoquot Sound had worked for ten years to stop companies from logging old growth areas in a portion of British Columbia bordering the Pacific Ocean. Despite protests that summer, which brought some 10,000 people to the forest, the logging companies had not changed their practices, and the BC government had not been responsive to the concerns of the Friends of Clayoquot Sound.

GP#8: Clayoquot Sound … is the last large area of temperate rainforest left on Vancouver Island, where of an original 170 valleys that were considered large, as in over 5,000 hectares in size, only 11 were intact. The government in the spring of that year had opened up 70% of the remaining old growth in that area to logging. So that resulted in a summer of massive civil disobedience, where approximately 10,000 people from across Canada and around the world came to Clayoquot to stand on the logging roads and try to stop the logging trucks from going in to clear cut the forests. … This was the largest act of civil disobedience in Canadian history and resulted in just under 1,000 people being arrested and sentenced to generally about 3 weeks in jail and fines of around $1,500 each for acting to protect the forest. … And the lesson for us primarily was that, despite years of lobbying the government, the

government wasn't listening; despite huge outcries by British Columbians and other Canadians, neither the company or the government was listening.

Developing an Informal Coalition. An informal coalition was created, comprised of three BC grassroots ENGOs, one ENGO from the U.S. (Rainforest Action Network), and one international ENGO (Greenpeace, with both national and international campaigners working together). The coalition had two goals in Clayoquot Sound: 1) To stop clear cutting and other unsustainable logging practices, and 2) to permanently protect intact, undisturbed valleys.

> GP#8: We didn't have a formal coalition of groups. We had five different groups, three of which were solely BC-based, one of which was a U.S. environmental organization, and the other being Greenpeace, which had international reach. ...
> Over the period of about three years, we worked with the local First Nations, MacMillen Bloedel [the target company], and a coalition of environmental groups to come to an agreement over staying out of the intact valleys, changing logging practices, committing to become certified eventually.

So that this campaign could serve as a global example, coalition members coordinated their activities carefully, making certain they were pulling in the same direction. Still, each participated in the way it felt it could have the most impact, either because of its geographic location (i.e., in BC) or because of its experience with activist work (e.g., civil disobedience, marketplace mobilization, alliance-building).

> GP#9: Especially since we knew it was a campaign … using British Columbia to illustrate the [international] problem, … this means that … [it was important to have] very good coordination with other NGOs, with communities, with indigenous people, and so on … to check that you would have the same policy and the same goals. But of course, then when it comes to the details of the strategy, then … every organization … would do this on its own. But it's very good and also efficient if you know as much as possible what the others are doing … so that all are trying as much as possible to pull on one string.

> GP#8: When we started to work on the campaign together, [we] realized that we each had very different strengths, either because of our geographic location and the scope of our reach; or because some groups participated in civil disobedience and other groups didn't; or because

some groups focused much more on building alliances with First Nations [indigenous peoples] than others did. So the coalition began working together not with a formal name, but with a very strong understanding that each of us would be playing different roles and that we had to play off each other's strengths. Conflict as defined by a markets campaign or by acts of civil disobedience would be necessary, and that the groups that wouldn't engage in those practices themselves saw the necessity, and we, meanwhile, would view the fact that one group was more closely tied to government and would have better access to politicians as also absolutely necessary.

Greenpeace decided to try to mobilize the international marketplace for three reasons: 1) Greenpeace had experience in influencing international markets, 2) restricting the campaign to Canada had not worked to date, and 3) 80% of Canadian logs are sold overseas, providing opportunities to work in those markets.

> GP#8: As an international group … we felt that we could both mobilize international attention in a way that local, BC-based groups couldn't, and then also mobilize the marketplace. … [Greenpeace's] … decision to go to the marketplace was predicated on the fact that 80% of what we log in Canada is meant for overseas markets.

Targeting Macmillon Bloedel. Greenpeace selected Macmillon Bloedel (a.k.a., MacBloe) as the primary target of their markets-pressure campaign. Although another logging company was also operating in the Clayoquot Sound area, they were logging a much smaller portion than MacBloe. Therefore, getting MacBloe to change would have a more profound impact. In addition, MacBloe was unresponsive to environmental concerns, which made Greenpeace even more anxious to get their attention.

> GP#8: There was one other logging company, International Forest Products [a.k.a., Interfor], but it had a much smaller amount of the tenure. The difficulty that we have in Canada is that these forests are technically publicly owned, and therefore managed by the government for the benefit of British Columbians. But in reality, they have issued large licenses to the logging companies for which the companies are supposed to pay a nominal fee per tree cut back to the government, which is meant then to benefit the BC [British Columbian] economy. And so, because 94% of the province is public land, then you're left with this situation where MacMillen Bloedel had the lion's share of the tenure. … MacBloe was more

intransigent than Interfor and had more tenure in some of the more critical rainforest valleys. …

If we started the campaign from scratch again, possibly you'd try to do a dual strategy of going after both of them [MacBloe and Interfor]. At that point, with the capacity we had, [we] felt we needed to concentrate our efforts on the worst. … That was both because they [MacBloe] were definitely not open to any dialogue, you couldn't get a meeting with their CEO to save your life, and the intact valleys were predominantly in their tenure. … So [the decision to target MacBloe] was a mix of ecological concerns, along with the perceived intransigence of the company.

Getting Attention, Collecting and Providing Information. Feeling that MacBloe had had plenty of opportunity to respond to environmental concerns, Greenpeace did not go to the company directly at first. Instead, the ENGO began to create international awareness of the problem and to gather information and evidence to support environmentalists' positions. Greenpeace's first move was to gain international media attention: Greenpeace leaders from the U.S. and Europe protested in the Clayoquot Sound forest and were subsequently arrested. Then Greenpeace arranged for the Australian band Midnight Oil to give a rock concert on logging roads in the forest; 5000 fans attended.

GP#8: So our focus at that point was to bring some executive directors from Greenpeace offices around the world, specifically from market countries that purchase products from BC to Clayoquot. They stood on the logging road and were arrested and went to jail; but that allowed pressure to build in the UK, Germany, Austria, the U.S., and the Netherlands. That enabled them to be much more concerned in [those] countries about their purchasing decisions. … Then, … we brought Midnight Oil, a rock band, to Clayoquot Sound, where they actually did a concert on the logging road. There were 5,000 people dancing, celebrating the forest, but also protesting the logging.

Greenpeace also sought information, which they hoped to present to corporate customers of MacBloe as well as to the general public. They made videos of untouched rainforest and clear-cutting. They got scientific researchers to help explain the situation and alternatives to clear cutting, gathered governmental statistics on logging and biodiversity risks, and reported the activities of logging company representatives and government officials to the public.

> GP#8: We produced clip reels that showed the beauty of the area and also the logging that was going on. In some cases, when we went to meetings, we would bring local scientists with us, because of course there's sometimes a tendency to think, "The environmentalists are just completely emotional. They want to shut down logging everywhere." And we felt it was important to be able to convince people that we knew what we were talking about, [and that] even if we don't have the financial resources at our disposal to conduct primary research into the impacts of logging on the ecosystem, we would work with others who are doing that research to ensure that … our arguments were based on science. And … the government tends to fund a lot of that research. … Using the government's own statistics – that showed how much logging had gone on, how much we'd already lost, what species were at risk – was deemed to be one of the more credible sources of information.

Targeting BC Companies, Using Markets-Pressure. British Columbia was the focus of the first markets-pressure campaigning by Greenpeace's forest campaign because they felt they could use this experience as a global example.

> GP#9: One of the most important regions we've been focusing on in the past was British Columbia, the rainforest on the west coast of Canada where, one of the reason was because in British Columbia, you probably have one of the biggest and most powerful export-oriented forest industry in the world, really making billions of dollars with their exports. And so we felt that if it would be possible with markets pressure to … create a conservation plan for that region – which really can save a lot of its biodiversity – with such big and powerful and influential companies on the other side, that could really set a global precedent for all the other important regions which still contain ancient forests.

The Campaign in the UK

Greenpeace's national chairman in the UK was one of those who had been arrested in Clayoquot Sound in 1993. As a result of that experience, she wanted to help further with the Clayoquot Sound project.

> GP#1: It was actually the Chairman of the Board of Greenpeace UK that was doing most of the negotiations, because she had an interest in it – she was arrested in '93 on the Clayoquot Blockade, so she was actually heavily involved in that.

Greenpeace investigated MacBloe's business in the UK and discovered that News International, a newspaper publishing company owned by Rupert Murdoch, had a contract with MacBloe worth $9 million. Scott Paper and Kimberly Clark,

two leading consumer paper products companies, had contracts with MacBloe worth about $6 million combined. Given that forestry is not a high-margin business, Greenpeace recognized that getting these companies to cancel their contracts could have a material impact on MacBloe's profitability. Therefore, Greenpeace went to MacBloe's customers, explained that the company was logging ancient forests, provided evidence of this logging, and indicated they expected these customers to terminate their contracts if MacBloe did not make changes to their logging process soon.

> GP#1: [The research] was related to trade to the UK from Macmillon Bloedel and in relation to those companies who were buying pulp from British Columbia. It involved actually understanding the company: what they were saying to the public; what they were saying to other companies; what they said on their website; what they said in publications; how they actually buy the product itself, via shipments from Canada; assessing where it had actually been – what end-product it was being used in. … Sometimes, companies give leads to information in what they say publicly or on their websites or in their historic literature. … [The goal] is … getting to know the company from the inside and from the outside, but also getting to know how they trade. …
> In the case of the UK market, the big market was at that time Scott and Kimberly Clark and News International. The News International contract was worth US$9 million a year. And the two contracts between Kimberly Clark and Scott were in the region of [US$]5 or [US$]6 [million] together. So if you look at the value of that contract in relation to the company's profit itself – Macmillon Bloedel – it is a fairly large dent. The forestry companies do not make fantastic profits; they're not in that sector. So that's why market pressure often works. If you can effectively knock off a couple of contracts on a company's books, you can effectively start to negotiate with these companies properly. They mostly ignore you until there is some economic pressure on their company itself and the directors really understand what exactly you may have on their business. …
> We approached all those companies and more … across Europe and North America. … So we were approaching [MacBloe] customers …, telling them about … Macmillon Bloedel's logging of Clayoquot Sound and [saying], "We understand that you are a buyer of product from that company. Unless there's some movement pretty soon [by MacBloe], we would expect you to terminate your business with them."

Greenpeace believed that managers at consumer products companies such as Kimberly Clark and Scott Paper would respond to markets pressure. Two

motivations for corporate responses were noted: 1) Managers might understand the ecological ramifications of logging old growth forests; 2) Managers might fear the that consumers would discover that old growth forests were providing the raw materials for the company's products, which could cause customers to stop buying the company's products or to criticize the company.

> GP#8: The fact is that most of us don't think about our purchasing decisions. But when someone tells us the impacts of our purchasing decisions, then primarily people will change. And particularly they will change if there's not a significant increase or difference in price. … If you happen to live in the Netherlands and you hear that this rainforest is being turned into toilet paper that you buy, then you're able to express your concern directly to the Scott Papers and Kimberly Clarks of the world and tell them that that's not what you want to see and that they should be putting pressure on the logging company to change. …
> So in terms of meeting with the Kimberly Clarks or the Scott Papers of the world, then we'd run through all of the ecological arguments. … So those arguments are quite compelling, and even if a corporate executive might not have been thrilled to learn of this, they certainly recognized that if you go then to their customers who buy the tissue paper, the toilet paper, the disposable diapers, or the newspapers or directories, that they would express concern to them. So partially the success of this was based on some companies immediately recognizing that they *should* change and other companies recognizing that their customers would be criticizing them or choosing not to buy from them.

When Greenpeace approached Kimberly Clark, the company happened to be in the process of reconsidering several of its suppliers; therefore, Kimberly Clark was willing to cancel its contract with little encouragement needed from Greenpeace.

> GP#1: Kimberly Clark … were carrying out audits anyway at that point, and it sort of timely came together what we were doing with what they were doing, and in the end they did cancel that contract.

Because Scott Paper was not immediately responsive to Greenpeace's suggestion that they terminate their contract with MacBloe, Greenpeace decided to add pressure. Greenpeace contracted with an advertising company to produce some mock-ups for an advertising campaign aimed at the Andrex puppy, a well-known, well-loved brand image for a Scott product – the best-selling toilet paper

in the UK. Within a day of seeing the mock-ups, Scott cancelled its contract with MacBloe. Between the Kimberly Clark contract and the Scott contract, MacBloe lost about $6 million of contracts in a week.

> GP#1: In the case of Scott, the biggest brand product in the UK at that point was something called Andrex. … They've got a little Labrador puppy running around the house with a piece of toilet roll. Everybody knows what it is. They were very vulnerable on that level.

> GP#8: There's a very famous puppy in the commercials that plays with the toilet paper, and that's the Andrex puppy. And it's obviously very soft and cuddly and cute and adorable. So the brand name recognition … is significant. And I know that they felt that if they didn't move and that image was tainted … then that would be a very negative mark on their reputation in the UK, which tends to want to adopt more environmentally sound purchasing policies.

> GP#1: We actually, behind the scenes, approached advertising companies to run an advertising campaign around what their involvement was. … We actually produced some mock-ups for an ad campaign against that product. In the end, we sent copies through to Scott, and within a day, they came back to us and said they were going to cancel that contract.

News International did not want to cancel its $9 million contract with MacBloe. Because newspapers do not have public images as strong as those of consumer products companies such as Scott and Kimberly Clark, newspapers are not as vulnerable to consumer pressure as consumer products companies. However, Greenpeace was nonetheless able to get News International to engage MacBloe in closed-door negotiations regarding their logging practices. Thus, the News International contract facilitated negotiation with MacBloe: News International could decide to cancel their contract with MacBloe if the logging company <u>did not</u> agree to many of the environmental community's demands; or News International would honor the contract if MacBloe <u>did</u> agree to most of the environmental community's demands.

> GP#1: [Our interaction with News International] was … we basically got them involved in negotiations behind the scenes with Macmillon Bloedel, because they weren't willing to cancel their contract at that point. Newspapers have less of a public image to retain than toilet roll manufacturers with a high-level brand product that people know. *…* The

negotiations went on for months … between Greenpeace and News International, the head of their Corporate Affairs. And eventually, there was some meeting … between News International, Greenpeace, and Macmillon Bloedel in Vancouver. … After the contract cancellations from Kimberly Clark and Scott, … the heat of the argument died down a little bit, and we ended up in more serious negotiations. … As I say, we could have pushed for the cancellation …; but we decided we would continue to negotiate … – [US$]9 million was a lot to Macmillon Bloedel at that point, it essentially meant a great deal of profit. … So sometimes you need people to drop business; sometimes it's better to work with them. It's not always one-size-fits-all. [We used News International] as a broker.

The Campaign in Germany

In Germany, magazine publishers were deemed the most vulnerable market to target for a campaign, but the process was complex. Wood for paper used in German magazines comes not only from British Columbia, but also from Sweden, Finland, and other countries. Greenpeace campaigners had to determine the "chain of custody" for paper products in order to know which German magazine publishers were using paper made from logs harvested from old growth forests. However, this determination is typically challenging, as it often involves four different firms: the logging company, pulp company, paper company, and magazine publisher. Sometimes, one company will control two of these steps (e.g., logging and pulp, pulp and paper); but at least one step always exists between the logger and the magazine publisher.

> GP#9: So in this case of the German magazine publishers, … we always knew that the wood for their paper comes from several different countries, among them Canada, but not only Canada, but also very important exporters like Sweden and Finland. But at least we could … address these problems and make clear that you need to have regional solutions but also see this in a global scale. At the end of the day, these are commodities which are traded globally, so you have large exporters, large producers, which have customers around the world. And, on the other hand, you have large buyers, like publishing companies, for instance, who buy their paper, and the wood that goes into that paper is also coming from many different parts of the world.
> Take the situation in British Columbia. You have a number of companies, virtually all of them produce lumber, because that is the most obvious product. … Then you have sawmills and [you] produce lumber there. But very often you have companies who produce lumber and pulp,

sometimes even pulp and paper – paper is just the further processing of pulp. Some just export the pulp as pulp, for instance into German paper companies, who turn the pulp into paper and then sell them to those magazine publishers. [So there's always] at least [one step between the logger and the magazine publisher], often more. Which makes the chain of custody quite complex to research.

Greenpeace Germany ensured that publishers understood that they would be partially responsible for the destruction of ancient forests if they did not use their buying power to make clear demands about the sources of logs for producing paper. At first, many publishers tried to avoid complying, as they felt threatened by the idea of changing.

> GP#9: Canada was always our prime example to illustrate the problem. … And make clear to the publishers that if they don't change this and don't add new specifications to their purchasing contracts and make clear demands with their buying power, that they are co-responsible for the fate of these forests.
>
> We, for instance, started a campaign targeting magazine publishers, by asking the public the question, "How much forests costs your magazine?" What are the ecological and social costs associated with the production? And also, you have magazines that write about the environment and about the problems, about clear cuts, and they are printed on paper based on those clear cuts. In Germany … publishing houses are very much publicly well-known companies. So we really were able to engage them in a very good dialogue and also to make them realize that they have an important role to play as a big buyer, indirectly, of wood products. They have a big responsibility for how the forests look in the regions from which they get the wood, based on which their paper is made. …
>
> At the end of the day, we made clear that the forest doesn't care if it's turned into lumber or pulp or paper. We … have nothing against logging and the production and consumption of wood, if it is happening within reasonable borders of consumption and production levels, and also if the production is done in the right way. In other words, really adapted to the ecosystem, and not just clear cutting everything. … So we also work a lot to promote solutions and how an alternative to the model of industrial forests would look. This was … not just a campaign [that said] stop logging and use other materials, but rather we said, "We need … drastic changes, but this is not principally against wood. …"

In response, Greenpeace allied with other NGOs to provide consumers with information about forest destruction, the sources of wood used to make paper, and the responsibility of German magazine <u>readers</u> for this. The NGO alliance

sent postcards to magazine subscribers, and Greenpeace staged noisy public protests with chainsaws in front of the publishing houses. The chainsaw protests captured the attention of the public and the media, and in response to what they learned about ancient forest logging, magazine buyers contacted publishers and threatened to stop buying their magazines.

> GP#9: At the very beginning, you get this probably quite human first reaction that people don't want to change anything. They're just used to a certain kind of work, and then there come some people who demand changes, which might also affect their daily work. They don't like it. And they, of course, definitely first check how could they get us off their neck. And then they found out that this might be difficult, and this is an issue which is going to last with them, and they have to solve it somehow. Also, we mobilized the readers of their magazines. These people are interested in continuing to buy the information that these publishing houses provide, but they do not want this information to be printed on paper which is causing forest destruction. … In general, we had to mobilize and also, so to speak, threaten them a bit.
>
> Postcard actions and also direct public protests. We did direct actions in front of the publishing house, with running chainsaws. Because the situation is, often, in this globalized world, the problem occurs so far away from those consumers who are co-responsible that it is often necessary to bring this issue, at least symbolically, close to them. So they see, "This is what I'm really causing here." If all the wood that people consume for their lumber and paper needs would be cut in the forest next door where they have their hike on the weekend, they would probably react much quicker and say, "This cannot go on like this. We have to modify this system somehow, because I want to continue doing my hiking trips." But if it happens 10,000 miles away, then we have to bring this problem closer to them. So we did these kinds of actions to inform them, but also of course the general public and create media response. That made them realize that they have to do something here in order not to lose business opportunities.
>
> You have quite detailed research in the beginning so that you have really some cases where you can illustrate the general problem. In this case, we gathered quite a lot of intelligence about the situation in British Columbia. But once there was enough pressure created that these consumers like publishing houses started to take action, then it was very clear that this could not be directed only to British Columbia, but that they would have to have the same demands from their Swedish or Finnish or other suppliers. In other words, once you mobilize the consumer, you might see action that also changes the situation in other parts because of this. In a way, if you wish, it's trying to take advantage of the fact that the economy is so globalized, which causes many problems as well, but once we have it, we can also try to use it in a positive way.

According to interviewees, because publishers' purchasing agents feared economic losses, they met with paper companies (usually German) and demanded guarantees that logs used to produce paper were logged sustainably. The paper companies then went to the pulp companies, which were located not only in British Columbia, but, as previously noted, also in other countries. The campaign had a ripple effect, pressuring logging companies in other countries to adopt sustainable practices. Sometimes, the public pressure and the corporate consumer pressure would be high enough that Canadian logging and pulp companies would request meetings with Greenpeace.

> GP#9: Once there was enough pressure created that these consumers like publishing houses started to take action, then it was very clear that this could not be directed only to British Columbia, but that they would have to have the same demands from their Swedish or Finnish or other suppliers. In other words, once you mobilize the consumer, you might see action that also changes the situation in other parts because of this. In a way, if you wish, it's trying to take advantage of the fact that the economy is so globalized, which causes many problems as well, but once we have it, we can also try to use it in a positive way.
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> Often ... the paper buyers [would be the ones to decide to switch suppliers]. ... But then went up to the board level and sometimes also involved the CEO himself. ... I think they realized that they had to take action. ... In the negotiations with [paper suppliers and magazine publishers], they definitely said effectively that, "You [the paper supplier] have to solve this problem. Otherwise, I have the problem, as a buyer, and I don't want to lose my readers." In this case, it was mostly the pulp companies exporting it from British Columbia, and then there were German paper companies in between, and they delivered to the publishers. ... Then those exporters from British Columbia, those Canadian logging and pulp companies, they asked for meetings, they wanted to talk to us. We had many of those. You could really feel how the pressure was created and built up. The public pressure and the pressure on those companies increased, and they wanted to meet us.

The U.S. Campaign

Similar markets pressure campaigns were carried on in the U.S., which is the largest market for Canadian forest products.

> GP#8: [In addition to Europe, we went] in the States to companies like GTE and PacBell, who were buying large amounts of directory paper from MacBloe. And then other newspapers, the *New York Times,* the

> *Sacramento Bee.* … They are a business as well, and their first desire is to purchase wood and paper supply as cheaply as possible, and [they] don't necessarily consider the environmental costs of purchasing. So some of them engaged much more whole-heartedly and cancelled contracts. Others – through pressure put on them by their buyers by their individual end-user consumers – became more involved in expressing concern. And ultimately that resulted in a slow transition… within the company that enabled us to have a very constructive dialogue.

The Global Forests Campaign:
Protecting the Great Bear Rainforest

Once success on the Clayoquot project was imminent, Greenpeace and other ENGOs began to consider potential ways of protecting the rest of the BC rainforest, approximately 4,000,000 hectares (15,400 square miles) containing four First Nations (indigenous peoples) villages. This rainforest area had 100 intact valleys, but 90% of them were scheduled to be logged within ten years. Because of the size of the area, the environmentalists determined they could not take a piecemeal approach as with Clayoquot; they needed worldwide attention to the total ecosystem that is the British Columbian rainforest.

> GP#8: What we also recognized as an environmental community … is that, while we were putting so much pressure and attention on MacBloe in this one particular area, there was this much larger area of intact forest up the coast that had far fewer inhabitants – … there are four First Nations villages in this area of about 4,000,000 hectares, … in all cases less than 2,000 people – and the logging companies were going in and just logging the hell out of the remaining valleys there. … When we looked at the logging plans, [we] realized that of the remaining valleys on that coast, which is roughly 100 valleys that were still intact, well over 90% would be logged in the next 10 years. … And when we did the analysis, [we] realized that if we have to fight on a valley by valley basis, we are just going to lose this entire ecosystem. So at that point, [we] had come together as a much broader environmental community even than the groups working on Clayoquot to say, "We need the world to view this ecosystem in the same way that they view the Amazon." People see the Amazon as one large, large intact area, not just individual valleys.

> A local naturalist and photographer … had come up with the name for the area, … the Great Bear Rainforest.

The coalition continued to operate by allowing each participant ENGO to focus on their strengths, thus punishing bad behavior by logging companies and rewarding good behavior.

> GP#2: [This effort] is with other NGOs, [including] Rainforest Action Network, Forest Ethics, with Canadian groups in British Columbia. So there's a large coalition which has been engaged in the campaign on the ground, protest on the ground, but also engaged in the talks with the logging industry. … Ideally, always [we split up the activity] to play to our strengths. For example, we work also together, where it is appropriate, with Worldwide Fund for Nature internationally. Now they work much closer with business, in terms of offering them the carrot, in terms of saying, "Look, if you work with us, if you come in and have this agreement about how much you care about the forest, you get our logo or you become an industry that joins what they call their 'buyers group' or their forest and trade network." So they are on the road to become good guys. But sometimes, they're on the road to become good guys, only they never become good guys. And that's when we come in, Greenpeace. Our strength is to expose scandals, to expose inaction, to expose forest destruction. And we are maybe in that respect a bit more radical. We also know that you need both: you need the carrot and you need the stick to get people to change. It's a slow process.

Four major logging companies and many smaller ones were operating in the area; one of the big ones was MacBloe. Largely because of its Clayoquot experience, MacBloe agreed to stay out of the intact valleys until the environmentalists could map them and develop a conservation plan. The company tried to get its three competitors to do likewise, but none would listen.

> GP#8: So our analysis there was MacMillen Bloedel had some valleys, there were three other logging companies in the area, one of which was Interfor – the same company that was in Clayoquot – Western Forest Products, and West Fraser, who all had licenses to log these areas. And by the end of '96 and early '97, [we] began meeting with those companies to see if they would agree to stay out of them while we could develop a conservation plan for the area. The only one that agreed, largely due to the fact they'd been through this battle before, was MacBloe. They said, "We can do that." And [they] tried to even play a bit of a brokering role with the other companies to say, "This is going to be a war, and we've been through it, and you really don't want to go through it." But it fell on deaf ears at that point.

Two companies – Interfor and WFP – held control of 30% of the licensed logging areas, so the environmental coalition decided to target them. Greenpeace began investigating the companies' operations, both to expose what the companies were doing and to identify their corporate customers. Information was provided by third-party informants; Greenpeace sometimes had to verify this information before they used it. Because the BC government – which derives a great deal of its revenues from logging company operations – sided with the logging companies, Greenpeace began watching their activities as well.

> GP#2: [To collect information about what a company is doing], you watch them. You watch them from the field to the consumer. You watch where their products go. You might watch where their vans go. You might watch where their stuff goes in the port. ...
>
> We have friends in different places who give us information. We have, for example, a website called CyberSleuth, where we publicize, "We have this campaign against Interfor. Any person who works in a harbor, works in a shipping company, or whatever: Could you help us to get information about these products?" And then we get stuff sent to us. … You need to know that what you get is trustworthy. You may want to double check with different sources and whatever. But you get stuff on the Internet. You get stuff that people send you. You get stuff that people call you up and say, "I've got this and this information. I've seen this and this." ...
>
> The pictures of clear-cut logging – when they have been coming in front of cameras and saying, "We don't do clear-cut logging" – we exposed that. ...
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> [In addition to their logging practices,] you also expose whatever habits they have. For example, there was a situation where people contacted by Interfor went in and very violently destroyed a protestors' camp, with balaclavas [ski masks] on their faces and whatever. And they got found out. For a very violent attack, they received a recommendation for anger management. A 76-year-old grandmother who was protesting on a logging road was condemned to one year in jail. Those kind of things are exposed as well, because there's a social and human rights angle to that as well. ...
>
> Governments are in collusion as well. To government, [logs are] raw material that's stuff they can sell: they can sell concessions, they can make money off it. Even sometimes, if corporations want to change their logging habits or want to keep certain areas under protection, they can't because they have to make certain stumpage. Once they have the concession, they have to cut, because otherwise the government wouldn't get enough tax income. They're doing the government and the people of Canada a favor by going in there and cutting the logs.

Also, we look at perverse subsidies. How do governments actually subsidize a certain type of logging and a certain type of forest destruction, and why, and who benefits? And then we're looking at who's investing in these companies, and what are they gaining? And we're talking to institutional investors and saying, "Do you really think that your money is invested well here? Are you aware of the general trend here? Do you think this is a safe investment under the circumstances?" So there's another angle.

So we identified, with the help of the general public – people who work in corporate consumer companies who are friends of us and who give us information – we found out who the customers are – ... quite a number of customers of Interfor worldwide – Australia, New Zealand, Japan, China, Italy, UK, Germany, France, U.S. Some of which we did together with other NGOs in the U.S. The U.S. corporate consumers, RAN and Forest Ethics had a lot of information on them. Japan, China – we dug up most of the information. And then we went through those corporate consumers.

Both Interfor and WFP did a lot of business with the U.S., but that is not an easily mobilized market. Nevertheless, the coalition of ENGOs did achieve some success.

GP#2: [Mobilizing consumers is more difficult in the U.S.] because the country is bigger, there are more [ENGO] groups. Also, the media market is different. For example, in Germany, or in the UK, if you expose a company, say, "You have involvement in this situation," it makes national news coverage, and the companies really suffer – their reputation suffers. Greenpeace is very much respected. It's definitely trusted more than the government or than doctors even in opinion polls. So there's usually quite a fast response. Whereas I think in the U.S. at the moment, Greenpeace hasn't that same standing.

But it has been successful, particularly with the coalition with Forest Ethics and RAN and a couple of other groups. The biggest DIY chains have come out and said, "We do not want to buy from British Columbia any more, as long as this logging is going on." So it has worked in the U.S. as well. And since the U.S. is the largest market for Canada, it's been very important.

WFP did most of their business in Europe: Again, corporate customers and end-users were fairly easily mobilized.

GP#2: I think that at some stage, [WFP] judged that maybe they could lose the European market, but as long as they had the U.S. market, and the Japanese and Chinese markets were growing, they could basically drop the European market. And so we thought, "OK, if they didn't get the message the first time around and do think they can go on as they're

going on, then maybe they need to hear the message from the other markets as well." So we concentrated our communications and research activities on the other markets. And it worked.

Interfor also did significant business with Japan, which was thought to be a difficult market to mobilize. Interfor felt fairly secure about their Japanese market because a) the company had a long history with their trading partners there, b) Interfor had invested money in Japan, and c) there was no large environmental movement in Japan. Nevertheless, the company was worried when it saw that Greenpeace intended to take action in Japan.

> GP#8: The European marketplace was easier to mobilize than the Japanese were. Although we have an office and a strong base, [Japan] is still a much less environmentally aware audience at this point. So it took quite a lot longer to put pressure on Japan.

> GP#1: Interfor themselves ... were really nervous and really worried about what we were going to do in Japan, because that was a market that was their security. Because they could sell to that market fairly easily, they felt that there's no really big environmental movement there, and they've traditionally traded with these companies for a long time, they've invested in that country. So it was a country they really thought, if we started to campaign there, they might be in trouble. ...

Greenpeace produced a report on the "chain of custody" of logs and related products and sent a draft to the CEO of each of Interfor's Japanese customers. As it turned out, the Japanese companies were impressed. Because Japanese believe that knowledge is power, they protect their information carefully – they avoid transparency and value confidentiality. They were intimidated that Greenpeace had been able to find out who their suppliers were and to understand how their businesses operated. Within a week, somewhere between 60 and 300 companies (interviewees' numbers differ) responded to the chain of custody report, asking that their names not be included in the published version.

> GP#2: What we did in Japan is we did a draft report on chain of custody: "Here's what happens in the forest; here's the company Interfor; here's who they are selling to; here are the products."

> GP#1: We basically got to know more or less every single customer directly and indirectly in Japan. We actually produced a report on that subject. Before we actually published it, we sent a draft to all the CEOs of

all the companies, asking them whether or not they would consider the situation and come back to us within the week. That effectively woke them up. They didn't really want their name in the report. So there was, I forget the number in total, but there was about 300 companies that came back to us and said they don't want their name in the report, and they were willing to stop buying from this company. It's a level of confrontation in a different way that you can get the desired effect. ...

I've met quite a number of Japanese companies, and whenever you meet them, to make decisions, you don't just meet one person, you meet almost the board of directors there. It's all very new to them. … They like information. If you say that we know that you buy from this company, and we have this evidence, dah-dah-dah-dah, they feel that you are in essence quite powerful, because they think that trade is quite confidential business. And it's clearly not. And we can understand their company. I think having their name in a report or even on a website to them slightly defaces their company's image. Whereas in the U.S., you might mention a company, Citibank or something, and nobody gives two hoots. It's just, "Environmentalists are just corporate bashers" or something. That in Japan, it's a little bit more than that. Japanese companies don't like the idea of being totally transparent. And if somebody's being transparent with what they know about the company, they feel slightly nervous.

By Fall 2000, the pressure on the logging companies by their European and Japanese customers led the companies to the negotiating table. The BC government agreed to implement a planning process for the region. On April 4, 2001, an agreement was announced for the permanent protection of 20 large valleys; 68 others would be on moratorium until conservation plans were developed. First Nations citizen involvement in decision making was increased. Scientists and economic analysts became involved in a holistic economic plan for BC that would not depend on obliterating the rainforest.

GP#8: Through this collective of some of the companies, ourselves, and a couple of other environmental groups, … in March of this year, [we] were able to … mesh that … with the fact that the government of BC had committed to a planning process for the region that also involved First Nations workers [and] a much broader array of stakeholders. And we collectively came to an agreement that on April 4th resulted in the announcement that 20 large valleys were going to be recommended for formal protection, 68 would stay in a deferral on logging for two years while a conservation-based plan was developed. … First Nations would be given increased decision making, and … we would bring in independent scientists and … economic analysts to help us devise a

more diverse economy and one that wasn't predicated on liquidating the
old growth rainforest. …

While Greenpeace admits there is still much to do to protect ancient forests, one success of the Clayoquot Sound and Great Bear Rainforest projects is that company representatives and environmental activists can now, to some extent and under some circumstances, speak each other's languages, understand each other's perspectives, and work together to protect endangered ecosystems.

> GP#8: There's still a lot of work to do. ... But we have at least got to the point where we can sit down and sit in the same room and adopt fairly similar lines about the need to protect endangered ecosystems like the Great Bear Rainforest and other ancient forest areas.

The Global Forests Campaign: Encouraging Sustainable Forestry Certifications

One of the demands of the ENGO coalition was that the companies logging in British Columbia have their operations certified as environmentally sustainable by FSC. "The Forest Stewardship Council is an international non-profit organization founded in 1993 to support environmentally appropriate, socially beneficial, and economically viable management of the world's forests. It is an association of members consisting of a diverse group of representatives from environmental and social groups, the timber trade and the forestry profession, indigenous people's organizations, community forestry groups and forest product certification organizations from around the world."[21]

> GP#2: There are certain areas in the Amazon where we think it's probably okay to do sustainable logging activities according to Forest Stewardship Council certification, but not to go in and do large-scale clear-cutting. So that's our engagement with the logging industry [in those areas].

> GP#9: In the beginning, we were talking about some kind of guarantees that at least the wood that they use in their paper is not coming from any destruction of those ancient forests. This, together with other demands from other groups also, very soon then, turned into the

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[21] This quote is from the Forest Stewardship Council's website at www.fscoax.org.

creation of certification systems. The one of the Forest Stewardship Council, the FSC, is today the only credible one that was created as a result of market pressures.

GP#2: FSC is a voluntary certification. It has nothing to do with government. It is a voluntary scheme. It's got membership of various NGOs, companies, southern and northern representation, whatever, and they set a certain standard of logging operation which they think is sustainable. Nobody will know in the long-term what is sustainable, obviously, because nobody has been around long enough to see what implications logging in ancient forests has. But with the best of knowledge that people have, they are devising standards of operation, of forest management planning, that if all these criteria are fulfilled, they have certifiers that are authorized by the FSC to give certification to logging operations.

GP#9: Of course, industry reacted with all kinds of fake certification schemes … and issues all kinds of labels to confuse the consumer. Which, of course, was predictable, and we have to deal with it and just make sure that in the long run people do know that when they really want to have serious assurances and be really certain of something, then only the certification of the FSC is the one they can count on.

The Global Forests Campaign:
Protecting the Amazon Rainforest

A separate action in the Greenpeace Global Forests Campaign involves protecting the Amazon Rainforest. In order to more fully understand the concerns and challenges specific to this geographic area, Greenpeace is establishing an office in Manaus, Brazil.

GP#4: I'm here [Manaus, Brazil] because Greenpeace has decided that work in the Amazon is a priority, and a very long-term priority.
It can take 2 – 3 years [to start a new office], because we are usually starting from nothing. Or there will have been done some work in the past on specific issues with local NGOs or associations. ... What we normally do is quite a lot of research in advance: going to the place, meeting with people, NGOs, people in the business community, people in the media.

Two reasons for establishing an office in a place like the Amazon are 1) the need to understand the problems and challenges specific to the area, and 2) uncertainty about the accuracy of available data.

GP#4: In this case, deforestation takes place in a number of different ways and has different causes. Our first focus on this is logging, because

that's what opens up the door for the other forms of deforestation in the Amazon. They don't clear cut here, where we are. They do selective logging for very high-value species. It's all third-party suppliers, basically peasants who live on the rivers, who sell to an agent of a company. ... The actual people who are cutting the logs are the victims themselves. ... These people are illiterate, they're remote, there's no paper involved [in transactions] here at all. When you research, you're just getting the information somebody wants to be out there, not what's actually happening. We spent a year, maybe, crawling around on these back rivers, talking to people who lived out there about what they were doing and how they were doing it. And then matching that up against what companies were saying they were doing. ...

The Brazilian system is fairly corrupt to begin with, and that makes their data suspect. So I found more here than anywhere else – including China and Russia – that the information that was either done by people coming here and talking to people or research was, a very high amount of it was inaccurate.

In 1997, Greenpeace discovered that about 285,000 acres of rainforest actually belonging to an indigenous tribe, the Deni, had been illegally sold to WTK, a global logging company based in Malaysia.

GP#4: The first thing we started to do was research who's operating in the industry here, and that in itself is a bit of a feat: These companies come and go, they change their names every year, some of their offices are abandoned lots. So we tried to get a comprehensive list together, and that means going out and looking at places. There's a Malaysian company here – WTK – they're big, very big multinational based out of Kuala Lumpur. They have a sawmill here called Amaplac. They were looking to buy land, and we heard that a local businessman had sold WTK 300,000 hectares [about 741,000 acres]. We looked at this, we managed to get the survey maps – pretty casual looking things. And we thought, "That's on Indian land. Half of it, it looked like. I wonder what's going on?"

So we rented a river boat ... because we wanted to find out if they'd started cutting. ... There was no activity in the area yet, they hadn't started. And then they went quite deep into the Deni Indian lands. ... This is not like working with the indigenous nations in Canada; this is like the other side of the Moon. ... They have no medical services, no postal delivery – well, they don't have a written language, so that would be kind of redundant anyway. ... The first thing we realized was that ... you can go into these places and do incredible damage without even knowing that you've done anything. ...

The guys [from Greenpeace] came back into Manaus, and we immediately hooked up with two other NGOs who work with what they call "remote Indians." They're professionals; it's what they do. And we formed a partnership, the three of us, to see what we could do about this. ...

What has to be done for the Indians' land to be recognized is it has to be demarcated, it has to be physically marked. ... So we went back out there with these two groups, OPAN and CIMI. After about a year of [attempting to communicate to the Deni what needed to be done, the Deni] decided that they would demarcate their own land. So we started setting up workshops, training workshops, so that they would understand the legal process, and what a legal process is, and why things had to be done a certain way. And then, because they are in charge, we are just helping them, they had to learn surveying.

We went in [to see representatives of WTK in Manaus and in Kuala Lumpur] and said, "We want to talk with you." And they refused to speak with us. ... In the meantime, we're developing this thing with the Deni, and they're going to demarcate their land. … One of the things we wanted [WTK] to say was that they wouldn't challenge the demarcation. There is a challenge period. I think it's like a 60- or a 90-day challenge period when Indian lands are being demarcated. ... We wanted WTK to say, "OK, we're not going to challenge this." But they wouldn't talk to us.

They certainly are talking to us now, though. We researched all their customers from the [WTK] mill here, Amaplac. For the most part, they [the customers] were in the UK. And then Greenpeace in the UK started a campaign – very high profile, very high pressure campaign. ...

Particularly in a country like the UK, … there is a sensitivity to social issues and environmental issues. [Greenpeace UK campaigners] did show [Amaplac / WTK customers in the UK] absolute proof that the company was working illegally and that they were moving into Indian lands, which was also illegal. They had no forest management plans or areas approved. They're buying from third parties. There's no management, no standards, no control, and a lot of illegality. And we showed proof of infractions: we got papers from the government showing they'd been fined for buying illegal logs, and all this sort of thing.

GP#1: A lot of the issue is to prove the trade. The timber industry is not very transparent. I mean, they're probably one of the most unregulated industries. Whenever you even approach some of the good guys and say, "Who are you buying from?," they actually don't know. So effectively, to understand how they do business, it's not so much what they know themselves, but what we find out: We have to track the product from those companies that are doing the logging through those companies that are involved in the shipping and the trade and all the rest of that. … You do some physical tracking. In the case of logs, most of the stuff that comes out of the [Amazon] basin is logs. So it's easy to track that – they're usually marked.

When you get to plywood, it becomes a bit more difficult. We were tracking ... WTK. ... We tracked their plywood market from their mill ... in Manaus. ... They then ship out via agents, and then it goes to countries in Europe. We found out in the end that the majority of the market was actually here in the UK. We had people here who were tracing that plywood through four or five hands to where it actually ended up.

They basically had six or seven main customers, and then other ones were buying basically on the spot market, so that anything that was on the ship at that time that wasn't pre-sold, the agent was trying to sell it as it was coming in. So effectively, the big importers agreed with us, that they would stop buying, because [WTK was] involved in two things: They were involved in buying for third parties, which are largely illegal, and then they were also planning to log this area which conflicted with one of the Indian groups there. So we effectively got agreement from the market that they would help us negotiate with this company. ... The market was predominantly in the UK; some was sold to Ireland and Denmark. [We] effectively shut down the market for that mill last August. So they were obviously willing to ... meet with us a bit more quickly than they would have it we'd just knocked off a few contracts. ...

GP#4: And they took [the proof] into the companies in the UK and said, "Here it is. Are you going to continue to buy from them, because then we're going to come after you." And every one of them said, "OK." What was going on was just so egregious and so apparent that [proof] was just lying on the surface. And I suspect that most of those companies cancelled their contracts just because they were appalled, and not because they were worried about us making public their involvement. I think they were genuinely appalled by what was going on.

GP#1: [WTK] is one of the founding three main logging companies in Sarawak [Malaysia] who don't have a very great track record. They ... don't have a good track record of working with local people or indigenous people. … They have a bad track record and a bad history, but some companies like that can move if the time is right, and I think probably the time is right for a few of these companies. They don't really know the way things operate in Brazil, and if they get the market closed off and they've put a big investment in there, they obviously say, "Well, whatever the market wants, we'll move to." And so they have a bad track record, but in the case of Brazil, maybe they're going to manage things quite differently in the future, which is quite a change.

GP#4: So WTK had all of their contracts cancelled by all of their purchasers in the UK. And then they started calling us….: "Can you come to Kuala Lumpur on Thursday?"... We're still in discussions with them [WTK], but they have agreed to a number of things. ... And they have now put in writing – but just to us, they haven't made a public statement – that they won't challenge the Deni's demarcation.

Greenpeace's work with logging companies in Manaus has extended beyond WTK. Greenpeace is also working with the public prosecutor's office to get all companies purchasing logs from the Amazon to sign an agreement promising to operate in more environmentally sound ways and with more accountability.

> GP#4: We've been working in Manaus with the public prosecutor. ... They're an independent agency; ... they're outside of the justice system; they're the defenders of the public; and they tend to be fairly young, very bright, very idealistic lawyers. We took a bunch of our evidence into the public prosecutor here, evidence and proof of the illegalities of all these companies that are operating in this state, and he hauled them all in, sat them all down. We ... negotiated with these companies for a phase-in of forest management plans, of not buying from third parties, of showing the chain of custody, of using sound forest management practices, and all these different things. It's a whole multi-year phase-in. And ... I think every company operating here ... has agreed now to sign this thing. And it becomes a binding legal document.

The Genetic Engineering (GE) Campaign

Since 1996, Greenpeace has been campaigning globally against the release of genetically manipulated organisms (GMOs). The interviewee described the genesis of and motivations behind the campaign.

> The question was at what point would the public really care. It being a development issue and a science debate in the '80s mainly. Then when the first products really hit the market, that was ... the moment when Greenpeace should also start, because this is what Greenpeace is good at. We are not that much a scientific ... organization ... – [those would] play a more important role in the development phase of the GMOs. ...
>
> [Greenpeace] really started public campaigning against GMO releases in '96 when the first imports came over to Europe from the U.S. Roundup Ready soybeans [a product of Monsanto] came. We discussed it for probably a year or so until we got to that point. It's not easy to get Greenpeace into a new issue. ...

The interviewee emphasized that Greenpeace's position is not that research on genetic engineering should not be conducted, but rather that enough research into long-term impacts has not yet been conducted to warrant the release of genetically engineered products. Greenpeace cautions that the release of GMOs into the environment may be very dangerous.

> Our focus was and is to stop releases of GMOs into the environment. That's what the campaign is about. We started attacking products that contain GMOs without [the manufacturers] even telling the people [that the products contain GMOs]. ...
>
> At the core is the question that this is a completely new technology which interferes with DNA in a way we haven't done before. And that is the decisive point. At this point, our position is that we simply don't know

enough of what we are doing. All we know is that it might be irreversible. It will spread. It will multiply. It's not like chemical contamination that has a half-lifetime: it has doubling rates. So the potential environmental impact is so enormous that we feel, at this point, the only precautionary approach is not to release GMOs into the environment. The designers simply don't know how they will behave in the environment and what kind of especially long term effects they will have on the development and the evolution of species and so on and so forth. That is the basic position. We are not opposed to GMOs in contained use. We think it might be helpful, especially for medical applications and probably also for processing and these kinds of things. We restrict our attention to the environmental aspects of it.

Raising the public's awareness that GMOs were starting to be imported to Europe was the first task. Greenpeace blocked GMO-carrying ships as they entered European harbors; finding out which ships were coming and when was a fairly easy task.

[1996] was the first large-scale, commercial release of a GMO, in the Roundup Ready soybeans. We started the campaigning in Europe, actually, and people didn't even know that there were GMOs coming their way and going into their food. It was quite a revelation for most people and caused quite some basic attention. We visualized that by doing actions on shipments that came in – we blocked ships from the harbor, we put banners on them. …

There are ship registers, and it requires some investigation, but it's not that difficult [to tell which ships are going to have this cargo]. These are 30,000 ton [vessels] – it's not a clandestine operation. …

We just looked for where would the GMOs go in the products. Soybeans go everywhere. They are in 60% of your processed foods: lecithin, soybean extract, all these kinds of things. This is how we started campaigning around foods and the GMOs in foods.

Greenpeace also gave the media information about GMOs, which the media passed along to the European public.

The first information we gave [the media] was the fact that GMOs were coming, and what that meant, and in what kinds of products they would go, and where they came from, and all this kind of basic information. And that was quite a story for them. ... And then, of course, we gave them kind of basic scientific background, why we were opposed to it, what we are fearing might happen, why this is bad for the environment. And also, of course, we immediately said that, if GMOs are on the market, that consumers have the right to know about it, because

people have the right to avoid it. And that was all pretty well taken by the media, actually.

Involving scientists in the preparation and dissemination of information is important, as is collaborating with other ENGOs and consumer organizations.

> There has been in this [collaboration with other NGOs] as well. … Friends of the Earth, for instance. This is a kind of competitive collaboration, because they are an environmental organization pretty much in the same frame as Greenpeace is. [Greenpeace and FOE compete for] public attention, leadership on issues, these kinds of things. They are players in the media. ... And [we compete] for membership, to some extent, if you wish. ... There are few international environmental organizations where I would say Greenpeace is in a kind of competitive situation. And that's fine – that just shapes the type of collaboration. We are good friends usually, and we discuss all these things, and we do have common goals and try to achieve them together. ... It is not that we sit down and tell each other everything we do over the next week, ... but it's been pretty effective anyway. ...
> Then we've been working with development organizations, ... as we are focusing more on GMOs in developing countries. And we've been working with consumer organizations, mostly on a national level, but also with the European Federation and quite intensively actually with Consumers International, which is a kind of worldwide umbrella organization. ...
> We want to have as broad as possible a basis for putting pressure on companies and getting the word out and all these kind of things. In this case, for instance, the consumer organizations played a different role than the environmental organizations. So there is a complementary collaboration as well.
> We work with scientific organizations, mainly for the sake of their scientific competence. ... We commission some of the [scientific writing] to scientists, which is always important, so we really have the scientific evidence. The writing and editing and so on is partly done in house. ...
> So we are looking for partners that contribute something additional usually. But also we want to have as many numbers as possible.

After some information had reached the public, Greenpeace began to take specific actions to get consumers to demand that supermarkets not carry GMO-containing foods.

> The impact you want to have in this case is first on food producers and the food retailers. That's the first point of entry into the market chain. And this is where our members and consumers in general can have an impact. ... We organized networks of consumers who went to their supermarket and said, "I don't want to buy that stuff. I want you to make

sure that it's not in your products, or else I'll have to choose something else." That's the way you have an impact economically.

That's the beauty of competition. … There is a serious competition between the supermarkets for the customers.

And [there is] also [competition among] the food producers, the brand producers especially. ... Our first actions there were about Unilever's margarine [that contains] soybeans – it's called Rama. ... If people feel Rama is genetically engineered, they buy some other margarine. It's simply too expensive for them [Unilever]. … In this case, we ... had a quite severe market impact immediately.

Greenpeace does not believe most countries are likely to ban genetically engineered foods; therefore, they work on other ways to block the release of GMOs into the environment. A primary means is through legislation, such as that passed in Europe, which requires that foods containing GMOs be labeled as such.

Our assessment was that the governments will not ban GMOs. The pressure is too high that they could be left behind in the international competition and so on and so forth. Our theory is that usually politicians follow the market. And the public mood.

We've done a lot on labeling legislation, because that is important: If the consumers want to act, they need to know. So the big difference between Europe and the U.S. at the moment is that you have to label any GMO product you want to put on the European market, and you don't have to in the U.S. We've been very instrumental in that.

Today in Europe, few GMO-containing human-consumed foods are on the market. Greenpeace has turned its attention in Europe to preventing the use of GMOs in animal feeds.

And that has worked very well. In Europe, basically, we don't have it in food. The big discussion and battle now is about feed, because most of the soybeans and the corn, which are the bulk commodities that are genetically modified, … is animal feed. And that, of course, is more indirect. … People got trained to looking beyond the usual features of meat quality only. They do want to know now, "How do you produce the meat I eat?" That also includes how are the animals kept, and do you use antibiotics and hormones and what-not in producing the meat. And there GMOs are also included. But that is also via the supermarkets in the end. The supermarkets have to demand from their suppliers to guarantee GMO-free animal products as well.

The focus of concern about GMOs differs depending on the country. In developing countries, farmers' potential dependence on seed producers is a concern; in these nations, control over seeds is Greenpeace's primary focus of activities.

> [In the developing countries, this] is not a consumer and labeling issue in the first place. It's who controls the seeds. The farmers' interests are much more in the foreground there, of course. The whole setup of the question is different.
>
> We've been working very intensively on this whole issue of the biosafety protocol, which is an international protocol on minimum standards on transboundary movements of GMOs. ... It's about 170 states involved, and now 62 have signed it. ... Basically, it says better careful than sorry. ... It's quite important that there is an international agreement that clearly respects the rights of countries to refuse GMO imports. ...

The Climate Campaign: The Oil Industry

One interviewee discussed ways in which an ENGO might evaluate the environmental performance of an oil company.

> When Greenpeace started this focus on frontier oil development as an angle to tackle climate change, [we did a] little bit of analysis. One thing becomes very clear: When you're looking at oil companies, the majors anyway, there's two very distinct ways of looking at them which yield very different results. One is what they *say*. ... And then you have to look at what they *do*. …
>
> Looking at the question of climate change in particular and at environmental protection in general, you could draw a spectrum of oil companies of the majors where you would put Shell and BP [British Petroleum] … at the good guy end of the spectrum, … and the bad guys are Exxon and Exxon and Exxon and Exxon. They're so far head and shoulders above anybody else in terms of their absolute recalcitrance, duplicity, double-dealing, misleading the public, their shareholders, and spending hundreds or tens of millions of dollars anyway doing it, that it's hard to compare them with anyone else. ...
>
> The Exxon scientists are not stupid. They know when they're – you could argue at least – legitimately trying to exploit legitimate ambiguities in the science of climate change, and when they're just plain lying to people about the state of scientific knowledge on the subject. It's pretty easy to distinguish between the two, and they do an awful lot of the latter still. ...

[Or you can] analyze it from the point of view of the actual direct impact on climate change. Adding carbon to the biosphere ... is the sort of litmus test of any activity that you look at from the point of view of climate change. ... If you look at it from the point of view of the oil company, they have X amount of carbon in proven reserves and X amount in potential reserves. And you look at that, if that were all produced and burned, what would that do to the biosphere? …

The point being that ... when you're in the hole, the first thing you do is stop digging. So the argument we're trying to make, with varying degrees of success…, is that the last thing that oil companies should be doing is spending billions and billions and billions of dollars developing new reserves that we can't afford to burn. And looked at from that perspective, BP is the league leader, has been in percentage terms for quite a number of years, and this year 2001 is in absolute terms. [They have been] spending more money developing new sources of oil.

In terms of what they <u>say</u>, [BP is one of the good guys.] This is the "in terms of what they <u>do</u>" part of it, and in terms of what they do vis-a-vis climate change, BP is *much* worse than Exxon, *much* worse than Shell. … If you assume that an oil company has identified reserves, that they are going to pump them up out of the ground or tap them, and that oil will be produced, and it will ultimately be burned, and therefore will ultimately contribute to the amount of carbon in the atmosphere. And from that point of view, BP is spending a lot more money developing new reserves that add to that quantity of oil that we have that we already can't afford to burn.

Other concerns also influence Greenpeace's assessment and targeting of particular companies.

[We also consider] their political contributions, where they put their political money. (Lobbying activity is mostly done via trade associations.) But [we consider] their memberships and how active they are in various trade associations. Those would be the main things. As to whether we'd target them or try to go after them in a particular way, a big factor has to be their potential vulnerability – what market are we talking about? and what's their position in it? and how vulnerable are they to public pressure and political pressure and that sort of thing?

The interviewee assessed the positions of companies such as ExxonMobil versus companies such as BP and Shell.

Companies with such a huge market share [like BP and Shell] – industry leaders really – ought to put their money where their mouth is. We have sort of confrontations with Exxon from time to time. But there's no possibility of dialogue there, there's nothing to discuss with Exxon, it's just a waste of time. They're worth thinking about [trying to change]. They're the biggest and most profitable corporation in the world. You can

> think about it, but what are you going to actually do? They're intractable, intransigent, and immovable.
>
> BP is vulnerable. They have staked so much of their marketing reputation and put so many of their marketing eggs in this green basket, which fits with their home markets in Europe, that they are obliged at some level to live up to their rhetoric and put their money where their mouth is. The same thing with Shell, to a large degree.

Because Exxon's subsidiary Esso is large and well-known in the UK, and because the UK public is well-educated regarding climate change, Greenpeace UK participated in a boycott of Esso.

> Currently, our UK office is part of a group in the UK which is boycotting Exxon – or boycotting Esso, as they are known in the UK. And in the wake of Bush's announcement on Kyoto, that was a very popular thing to do. We did not feel that trying to run a global boycott was a sensible thing to do, but [it could be done in the UK] because Exxon is such a big target, because the level of education about climate change is very, very high, because it's very bi-partisan.

The interviewee indicated that Greenpeace continues to lobby governments for regulations affecting oil companies, because the ENGO recognizes that legislation has the greatest potential for effecting change in oil company operations.

> In the end, it still is the case that governments are the ones who will set climate policy ultimately. They are tremendously influenced by the business community, but they're also influenced by NGOs. So we're, in different countries in different times in different places, in competition with the oil industry and the coal industry and the natural gas industry for the hearts and minds of legislators.

Environmental Defense (ED)

Overview

Two interviewees from ED were in a sub-group known as the Alliance for Environmental Innovation (AEI), described in Chapter IV; below are their descriptions of projects conducted with United Parcel Service (UPS), Federal Express (Fed Ex), and Norm Thompson Outfitters (NTO). Five interviewees were in the Pollution Prevention Alliance (PPA), also described in Chapter IV; they

recounted the Great Printers Project, the creation of Community Guides, Scorecard, and the Clean Vehicles projects. The eighth interviewee was from another sub-group within ED; that interviewee commented on Emissions Trading.

AEI Project:
United Parcel Service (UPS)

Studying an Industry Sector. AEI tries to leverage its previous experience and existing expertise when selecting an industry sector to target and a potential project. The UPS project grew directly out of the highly successful and visible project conducted with McDonald's in the late 1980s and early 1990s (described in slightly more detail in Chapter IV). The McDonald's project gave AEI specialized expertise in paper and packaging. This expertise was further developed via the Paper Task Force project, which subsequently led AEI to consider benchmarking the overnight shipping industry. Interviewees commented:

> One of the things that we consider when we're looking at projects is whether we've got expertise in the issue area….
>
> After McDonald's, we did a big research report called the Paper Task Force. It … was a joint thing with Duke University and McDonald's and us and Prudential and Time, and there might have been some others who were involved with the Paper Task Force. The idea was to come up with recommendations to increase the purchase of environmentally preferable paper….
>
> So the Alliance had a history of expertise in paper and packaging issues. So we were looking for ways that we could leverage that expertise to create environmental change….
>
> We usually do a lot of analysis on the industry sectors, and look at their environmental impact, and see where there's a good fit with the type of project that we're looking at….
>
> For us to go and work on something that is maybe very tangential to [a business'] core environmental impact, that would be a problem. We wouldn't want to do that. We would want to be working with the companies on projects that are significant environmentally, where we think that we can really have a real environmental impact from the project itself….
>
> We thought there might be some opportunity with the packaging in the overnight shipping industry….

> I ended up writing a … benchmarking study comparing the packaging practices of the five major overnight shipping companies: … UPS, Fed Ex, Airborne, the Postal Service, and DHL….
>
> We used analysis that we had done for the Paper Task Force on the actual environmental impacts of packaging to be able to talk about the environmental impact of the packaging; and we used some other studies to talk about the plastic packaging. So put together a comparative study of the different packaging that was out there….
>
> The idea was to compare one company to the other; that was the first point. The second point was really to show that, "Look, there are some really good things that you could be doing for the environment that would probably end up saving you money." And then the final point that we wanted to make is that, "We're interested in doing a project with you." …
>
> … We had contact with all five companies because we did surveys with them and sent them letters saying, "We do partnerships with companies, and we're interested in working on this issue area, so let us know if you're interested, too."

Meeting with UPS. UPS contacted AEI and expressed an interest in talking with them about potential projects. AEI representatives met with UPS representatives at their headquarters in Atlanta. UPS had not had much contact with ENGOs before, and their management was impressed that the AEI staff could 1) speak the language of business, and 2) understand the need for the project to make economic sense as well as environmental sense.

> UPS was interested and met with us. We actually went down to Atlanta and met with them in their headquarters. I think it was the first time an environmental group had been inside UPS. … We talked … about what we saw as potential opportunity here. It's like any kind of a good partnership: Both parties need to be interested and agree that this is something they want to do….
>
> They saw that we not only understood this issue area, but we understood how important it is for something like this, in other words a voluntary environmental initiative, to make business sense, to be good for their business – whether that was cost savings or what. They saw that we could speak the language of business and understood what was important to them….

Selecting a Partner. The interviewee discussed five major reasons AEI had for deciding to proceed with a project with UPS. First, because UPS is one of the two market leaders in its industry, the company uses large amounts of

packaging; thus, the project would likely have significant environmental impact and would also affect the practices of others in the supply chain.

> If you've got a company like UPS that purchases hundreds of thousands, if not millions, of packages each year. And if a company like UPS, a big customer of these packaging companies says, "Hey, look, we want a better product. We want a product that has less impact on the environment. And we're unwilling to compromise on the functionality. And we're looking for some cost savings, too." That speaks very loudly. Companies want UPS's business, so they try and work hard to make sure that they meet their demands and work with them to create a better product. It's the power of corporate purchasing.

Second, UPS is also highly visible, being one of the two market-share leaders in the industry; the project would capture the attention of primary competitors and increase the likelihood that they would try to replicate the project.

> And it also helps for it to be very visible, too; that helps in getting the word out.
> We also consider the replicability of the project, because we look to catalyze change and have it spin out into the larger industry, and so we just try and make sure that whatever project we do can be replicated.

Third, AEI thought that UPS was clearly interested in making environmental progress.

> We try and find the companies that have got the need to do some of this work, or they're open to environmental progress. That's kind of a basic one: they have to be at least open to considering that the environment could be good for your business.

Fourth, AEI and UPS seemed to fit well together, which was important because of the level of commitment and interaction involved in a partnership.

> And a lot of it, too, is you end up talking to the companies and seeing whether there's a fit. Because with a voluntary partnership, it's like a marriage: Both partners have to be invested in it and committed to it, and you have to be willing to work. So that only comes with having a conversation with the company and seeing if they're interested in doing the project, too.

And fifth, UPS saw that packaging improvements could make economic sense by raising revenues (marketing benefits), reducing risk, and/or reducing costs.

> I'm certain that was a part of [UPS's] calculation, the good PR benefits….
>
> [We look for projects that] open the company's eyes to good business opportunities that they're just not seeing. It allows them to … look at the environment not only as they've looked at it in the past – as something that's full of risk, and something that needs to be managed, and a regulatory requirement. Instead, they're able to look at certain environmental opportunities as real business opportunities: ways to save money, ways to reduce risk long-term, ways to increase top-line marketing benefits.

Achieving AEI's Goals. The project had significant environmental impact: Fed Ex, the other market leader in overnight shipping, replicated most aspects of the UPS project.

> After the project was done, Fed Ex ended up switching their bleached white virgin paper envelope to a 100% recycled envelope with 35% post-consumer content. … We definitely did talk to them, but because we have limited resources, we can't spend the time doing similar projects with every single company. It's not like what a consultant would do. Instead, what we're looking to do is do one project with a market-leading company and then have others in the industry follow it, because part of this deal is that it makes good business sense. So if it makes good business sense and it's good for the environment, then why not do it? And I think that's what happened with Fed Ex.
>
> Fed Ex … did subsequently replicate all but one of the things that UPS did.

The interviewee noted that AEI also achieved another of its goals: There is indication that some degree of cultural change occurred at UPS, as senior managers realized that paying attention to environmental effects can provide excellent business opportunities.

> We think that there's also some opportunity for culture change in the company, because that's a very important result of our projects.
>
> I see [this change in vision] happening certainly with the people that we work with directly, but I also see it filtering up, if you will, to senior management. Senior management at UPS was apprised of our project and knew a lot of the other good work that UPS had done on the

environment, and that senior manager gave a speech on this issue. And now that senior manager is the CEO. It's definitely been something that he is aware of. … I see UPS seeing the environment as a good business opportunity.

AEI Project:
Federal Express (FedEx)

Choosing a Project. The interviewee mentioned four factors that AEI considers in selecting projects: 1) the existing areas of expertise within ED; 2) the levels of interest and activity that the potential area has already attracted among ENGOs; 3) the projected size of the environmental impact of a project under consideration; and 4) the likelihood of project success.

> We decided that we were interested in doing a project around hybrid engines, especially trucks, which grew out of some of the work that [the Pollution Prevention Alliance] is doing around getting cleaner cars; … there's also another group within Environmental Defense that sort of focuses on air pollution in general. So we had a lot of expertise that we could draw on. And we decided we were going to focus on trucks because there wasn't anybody else within our organization or really too much that we knew of outside the organization that was really focusing on trying to change truck technology to have air pollution benefits.
> We decided that diesel trucks is an area where we want to do a project, both because we know that diesel emissions are a significant environmental impact and because we've now called on expertise within the organization and done enough of our own homework to know that there's a possible answer. …

Targeting Industries and Considering Potential Partners. AEI seeks to work with companies in concentrated industries, where other leading competitors will quickly hear about and be influenced by its project. They think about collaborating with companies that have buying power – especially considering the specific product involved – and companies with which they have had previous contact.

> … We had gotten to know people at Fed Ex through the UPS project. … In the course of that, they called us and said, "OK, we read the report, and we want to do some of the same stuff now. How did you do it?" And so we kind of gave them a little bit of advice and sort of put them in the right direction in terms of being able to change some of their packaging along the lines of what we did with UPS. … The initial point of contact

was … their corporate environmental person. But then we talked to some of their packaging people and other people within the organization. So we kind of knew them, and they knew who we were. We had some credibility with them. We had a good relationship with them. But it wasn't a very close relationship. …

There are so many things that go into what makes a good project. One of the things we look at, for example, is how dispersed is this market sector? Who are the companies that have buying power within the market sector? For example, the UPS project was just a perfect project in that respect, because there's only a few big players in the overnight delivery market. So it takes about .3 seconds for the information to be disseminated amongst that entire market. Fed Ex knows exactly what UPS and the Postal Service and DHL are doing, and vice versa, all the time. So … working with any one company, it's very easy to influence the other companies. Whereas in a market where there's a thousand different small players, if you change one of those thousand, it's much more difficult to get to the other 999. …

In trucks, it's definitely more dispersed than it is in overnight delivery service, but Fed Ex is a major buyer of this particular size truck. That's what we were looking for: major buyers of a certain class of truck. And we already had contacts from our overnight delivery project. So we talked to UPS, we talked to Fed Ex, we talked to the Postal Service, and it just turned out that it worked out right with Fed Ex for a number of different reasons.

Partnership with Fed Ex. AEI typically works with companies with which it has some previous contact, as AEI had with Fed Ex as a result of the UPS project. However, many other reasons made Fed Ex an ideal partner for this project: 1) Fed Ex is a highly visible, innovative market leader that other companies would likely mimic; 2) Fed Ex uses publicly available fueling stations (rather than its own fueling depot); 3) Fed Ex has buying power via its extensive purchase of the particular size and type of truck; 4) Fed Ex is willing and able to purchase from alternative suppliers; 5) Fed Ex has a good relationship with major truck suppliers; and 6) Fed Ex is committed to actually following through with the purchase of trucks.

One particular reason that was right for this project was that…, unlike UPS and the Post Office, the vast majority of Fed Ex's fleet is not centrally fueled. Because we wanted to come up with a technology that would be easily replicable by lots of different users. … Fed Ex trucks … go to the gas station, … just like anybody else. They … use the existing infrastructure. Whereas UPS and the Post Office … have big fuel tanks at

their depots where they park their trucks. … We were much more interested in something that didn't involve alternatives related to central fueling. And that was one big reason why Fed Ex was attractive. …

Obviously, the Fed Ex truck is an icon. It's recognizable to everybody everywhere in the world. If all that happened is that Fed Ex changed their trucks, it would be big, it would be significant, and that's one of our criteria. But *real* success is that it's not just Fed Ex, but other companies follow suit. The extent to which that company is known as an innovator – which Fed Ex is – as a first mover, as a setter of best practices, is recognizable, is symbolic – which Fed Ex is all of those things – it makes it that much easier to replicate the results with other companies and to get other companies to pay attention to what's happened and really consider replication. So that was another big factor in Fed Ex.

Then you have to start looking into really detailed things, like how do they do their purchasing? And are they amenable to working with different suppliers? … The idea is Fed Ex was exercising its purchasing power in this market by saying, "We're a large purchaser of this kind of truck. We want something different than what we're getting right now." So point number one is that they had to be willing to buy it from somebody else, if their own supplier couldn't come up with what we were looking for. And they indicated that they were.

And then, what was their schedule for procurement? Were they locked into contracts that would get in the way? What was their relationship like with the major suppliers? Even though they buy a lot of trucks, would the other companies that we were hoping to engage in developing this technology, would they believe that Fed Ex was willing to buy with them? Would they be willing to work with Fed Ex to try to make this happen? Would they be responsive? …

Would Fed Ex be willing to make a commitment to not just talking about it but actually doing it? Fed Ex has said many, many times …, "This is not a demonstration project. We're going to buy these things. We're going to be replacing out our fleet over time with these new kinds of trucks. This is what we're in this project to do."

AEI Project:
Norm Thompson Outfitters

Studying the Industry. As in its approach to the UPS project, AEI began working with catalogue companies by conducting a survey of catalogue companies and producing a benchmarking report.

We started the catalogs project by issuing a report called "Greener Catalogs," that was a survey of recycled paper use in the catalog industry and which basically showed that … except for a few very, very niche catalogs like Seventh Generation, the *only* recycled paper being used in the entire catalog industry was in the L. L. Bean order form, you know,

that little postcard in the middle. … Which was just an absolutely
astounding revelation, considering how many … catalogs get sent out
every year!

In doing the survey, I would guess we probably called the top 100
catalogers. [We] sent out a survey and followed up [with] calls. … And
through that, we got to talk to Norm Thompson. …

Selecting a Partner. When looking for a project partner, AEI's approach is
typically to talk to the largest companies in an industry first to see who might be
interested. Although Norm Thompson Outfitters is not one of the largest (NTO
ranks about 73rd), the company indicated to AEI a high level of interest in
entering into a project partnership with them. Several factors made AEI decide to
collaborate with Norm Thompson: 1) the company was beginning to use recycled
paper on its own; 2) the president of the company was highly influential in the
industry, thus increasing the likelihood that the project would be replicated by
other companies; 3) the company was not a niche marketer, but was
mainstream; and 4) the company was committed to making the project work for
its own catalogs and to encouraging and helping the rest of the industry change.

Just after the catalog report came out, they [Norm Thompson] made
the decision internally to switch one of their very small catalogs to some
recycled content paper. They did without testing it and in the course of a
complete catalog redesign, which was also geared towards having more
of an environmental brand for that particular catalog. But they were really
interested in wanting to do more.

We sort of put them off for a while, because we were concerned that
maybe they weren't big enough or whatever. … Like most of our projects,
we had a list of companies that we were sort of, "If we can get anybody
on this list, we'll be happy." And we'd go talk to them usually in order of
bigness, size, and try to see who we can interest in the project out of this
list of usually ten or twenty companies that we think would be significant
enough and meet enough of the other criteria to be able to do it. …

Norm Thompson wasn't as big as typically we would want for a
partner. They had other things going for them, though, that have been
really useful. Their president is very influential on the board of the Direct
Marketing Association, and therefore has access to the rest of the catalog
industry and influence with the rest of the catalog industry that we knew
would come in handy when we get to the phase that we're in now, which
is getting other catalog companies to follow suit. …

They had a new president, who used to be the president of
Chadwick's of Boston, which is a very large cataloging company. So she

had a lot of influence. So they had a lot of things going for them that increased the likelihood of the replicability of the project.

Visibility within the market sector [was important], as opposed to the general public. They are in the top-100 catalogers – I think they're 70-something. So they're not huge, but they're certainly big enough. They're not considered niche; we definitely do try to stay away from companies that are considered "green," because those companies don't set best practices for [the others].

And they were also very committed to not just investigating and making changes in their organization, but to having the scope of the project be changing the rest of the industry. And they have really, totally stepped up to the plate in terms of the activities that are taking place over the last couple of months and over the next couple of months, in terms of recruiting other companies to do the same thing. …

PPA Project:
Great Printers Project

Two interviewees, ED#1 and ED#4, discussed the Great Printers Project.

PPA's Motivation. In the early 1990s, staff at the Pollution Prevention Alliance (PPA, described in Chapter IV) determined that multiple factors – primarily the ways in which the EPA and state agencies were organized and collected data – were blocking many companies' ability to make environmental progress. PPA thus decided to develop a clear understanding of the environmental and economic challenges that the companies in a particular industry faced and subsequently to determine what sorts of changes those companies and their stakeholders – including governmental entities – could make to prevent pollution.

> ED#4: The title here is "Recommendations to Make Pollution Prevention a Standard Practice in the Printing Industry." That was our mission. Not the recommendations, but *to make it* a standard business practice.

> ED#1: Currently, when a business reports to either state or federal agencies on its environmental obligations, it does so in a very media-specific fashion – it reports on its air inventories on one form, and on another form it reports on its water discharges, and on a third form they might tell you how many hazardous wastes were shipped off site. The problem we found is that the regulators get a distorted picture of a facility. They never understand the total facility. The facility managers don't ever

understand how the work they do every day affects their environmental impact; they tend to think of the environmental stuff as just an add on. ….

ED#4: So we were trying to change those fundamental relationships. And the only way to do so is to get close enough to a particular type of business, so that you could understand the decision-making dynamics and the particular environmental challenges facing that industry, and begin to craft the solution. So that was the core philosophical reason to get involved in this.

Initial Development of the Great Printers Project. PPA began to identify industrial sectors of particular importance to the Great Lakes region (the focus of PPA) that had significant environmental impact. As PPA examined environmental data from EPA and the states, printing emerged as a key sector environmentally. PPA found this surprising, given that 80% of shops employ fewer than 20 workers[22], meaning that many print shops were likely too small to be required to report data to governmental bodies. The fact that the printing industry employed the third-largest industrial workforce in the region made this industry regionally significant. Nevertheless, ED was hesitant about doing a project based on the printing industry. Because printing is a highly fragmented industry, the possibility of achieving widespread effects would be challenging.

ED#4: We took some time to pick the industrial sector that we would use to demonstrate the importance of this. We crunched a lot of different kinds of data: we crunched TRI data, economic data, various things. And of course some big things like auto and steel and so forth are very significant economically and environmentally. But we were quite interested in how prominent printing showed up, because no one thought of it. … Any one typical print shop is eleven employees, so any one [printing company] can fly under the radar screen largely. But in the aggregate, it was the number three industrial employer in the region. … In fact, the aggregate issue for the industry is a lot bigger than what you'd see out of a TRI [because many small print shops don't create enough toxic waste to be required to report it to EPA]. So we were looking at TRI and saying, "They're actually significant, and furthermore, this doesn't tell anywhere near the whole story."

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[22] Environmental Defense Fund, Printing Industries of America, and Council of Great Lakes Governors. 1994. *The Great Printers Project: Recommendations to Make Pollution Prevention a Standard Practice in the Printing Industry*. Minneapolis, MN: 13.

> ED#4: There are 40,000 printers in the country. … How do you really have a widespread impact on an industry? It's not like convincing the Big Three of something, right? It's a highly fragmented industry.

Despite their concerns, ED staff members spoke to the Government Affairs representative of Printing Industries of America (PIA), the primary printers' trade association in the Great Lakes region, which interviewees said represents some 10,000 print shops. The PIA representative was aware of environmental regulatory changes likely coming to the industry and saw working with ED as a way of helping printing companies to take some control over their futures.

> ED#1: Printing Industries of America … is a trade association representing [about] 12,000 print companies, which is actually just a small fraction of the total number of print companies in the country.

> ED#4: We met … the VP for Government Affairs for PIA. … Here was somebody whose own politics were very conservative … but he was very pragmatic about thinking about what was happening to the industry, what kind of changes were coming. They feared that the types of changes that were being brought on by the Clean Air Act would bring their industry into the regulatory system in a heavy-handed way and in a way that they had little control over. So they started to see working with us as a way of taking some control over their own lives and saying, "OK, we're going to have to become good environmental stewards, but we want to be part of the dialogue about what would be the right way to do that."

Participants in the Great Printers Project. PIA helped to identify printing companies to participate in the dialogue; the project needed productive people and reasonable representation, yet it also needed to keep the size of the entire group manageable.

PIA recognized that small printers could not afford to send a representative to meetings, yet they would be highly affected by the outcome, and the project needed their perspective. In the end, PIA and some of the industry's technical assistance providers were able to speak to small printers' concerns. CEOs of mid-size printers (around 100 employees) could attend at least some of the meetings. Most printers attending the meetings were very large in comparison –

Quad Graphics, for example, employs 14,000 people, with about 5,000 in the Great Lakes area (according to interviewees).

> ED#4: At the point when we picked printers and started recruiting participants for the dialogue, … [There] was really one person who was gung-ho and made everything happen … [at the] Council of Great Lakes Governors. … Then PIA was engaged both in the person of the VP of Regulatory Affairs as well as a technical person. … We essentially had PIA advising as to who needed to be engaged to do this from the industry end, and the Council recruiting people from state government end.
> Most important [for PIA's selection of participants] were the individuals involved and whether they would be constructive participants. It was not an exercise in put[ting] out a general call and everybody's invited to the table. It was actually a conscious effort to pick people who we thought would be productive participants in coming up with a new way of doing things. …
> We wanted to have a very small printer engaged, and there were individual meetings at which we would have the owner of a 12-person print shop there… They [small print shops] are stretched too thin, so the trade association had to represent their interests. Technical assistance providers sometimes were service providers to them and would know some things about their concerns. And we would try and get individual small printers engaged where possible….
> And keeping the whole thing at a size that would be manageable for building broad consensus. In the end, we probably erred on the side of being a bit large for that, because we felt like there were a certain number of bases we had to touch to feel like everybody could take some ownership. But there was a creative tension between broad ownership and workable size.
> The real die-hards who stuck out through thick and thin represent what are, at least by the context of that industry, the really big companies. Certainly we had the biggest of the big – the Donnellys – and then the almost as big – like Quad Graphics. But we also had some that are in the hundred-and-some [employee] range, where they're big enough to free up the CEO to go someplace and talk, but they're not so big that anyone would think of them as a big business.

> ED#1: The largest print company in the world [is] R R Donnelly. I mean, the next largest is a third the size, so it's the largest by far. … Their environmental manager …, in theory, he was part of our project team, [but he] never came to meetings. … On the other hand, my boss had a meeting with one of the Donnelly family members who heads the company; [he was] very forward-thinking, and very interested in moving things along. … The dynamic at Donnelly was very frustrating, because we knew we had to have the manager engaged – we couldn't get the CEO to come to our meetings. But … they basically took themselves out of [the process]. They didn't attend meetings. We would send them notices, and when we had drafts of recommendations, we would send

them to everybody on the project team, including the folks at R R
Donnelly. Never heard from them. … In fact, [we] tried to work with them
to see if they would sign the recommendations [that resulted from the
PPA project], even though they had not been part of the development. …
They actually tried to pull some other people off the team. I think the
environmental manager just frankly felt threatened by the whole thing.

ED#1: Then in that second group of fairly large print shops, we did
have somebody from Quad Graphics, who actually has tried to make a
niche for themselves in environmental printing. So for example, Quad
Graphics is the printer of choice for National Wildlife Federation, which
among environmental groups does the most printing of anybody. So
Quad has really made a niche. … Quad probably has 5,000 employees,
[while] most print shops have eight. … But because I think Quad had a
reputation for being innovative on environmental matters, [their
representative] was a pretty innovative guy. He actually was probably the
strongest environmentalist of all at the table in terms of his personal
lifestyle – put the rest of us to shame. But I think the difference there was
in part personality, but also the corporate attitude, because the
corporation had already had a history; they saw, prior to this project, a
niche in environmental printing.

PPA Project:
Oil Refinery Rankings

Negotiating environmental policy takes a great deal of time to begin with, and
most regulations must later face re-authorization. As PPA evolved, the staff tired
of this process and began to seek alternative paths for stimulating pollution
prevention. The staff sought to combine performance data with proven
suggestions for pollution reduction via what they called "Facilities Rankings" and
"Community Guides." PPA began by compiling a variety of publicly available,
site-based data from EPA (e.g., air emissions, toxic release inventory [TRI],
accident, and enforcement data) on oil refineries (later also on steel mills and
automobile assemblers) throughout the country. PPA also compiled information
that described how refineries work and what kinds of best-practice pollution
prevention strategies have been used successfully in the industry. Using this
information, local activists can be very specific in their demands when pressuring
sites to change their environmental procedures.

    Especially as these laws don't seem to get reauthorized and
regulations take so long to get developed, it seemed as though over time
we were better off saying, "What should they be doing?" rather than, "Are
they complying?"...

    Over time, we evolved in our policy work to primarily focus on right-to-
know as a way to promote pollution prevention through sunshine and
disclosure. … So that we weren't only looking at compliance issues.
Basically, we [were] … not just promoting right-to-know policies and more
disclosure but actually *using* that information was a way of getting at the
performance of industries and companies and plants that were located
near the communities we were working with, which were primarily in the
Midwest. More specifically, the Toxic Release Inventory data, the data on
accidents that EPA now collects, … the emissions inventory data, and …
the enforcement data … was useful information to add to the mix of things
we looked at when we were trying to evaluate performance. ...

    We did [our work on one industry at a time] for a number of reasons.
One, when you're working on pollution prevention, you really need to
understand an industry quite well to understand what the opportunities
are for reductions in emissions and design improvements, all kinds of
things like that. So you have to understand who's doing things the best
and what it is they're doing that makes it the best. …

    If you go to our site, we did it in collaboration with a Community Guide
to the industry. So it lays out basic information about how auto assembly
works or how refineries work, but it also talks about what are pollution
prevention strategies. … It's a set of information that the public can have
to have some sense of what are commonly used ways to make
performance improvements. So we didn't do the rankings just to do the
rankings. We did the rankings to also draw attention to our Guides.
Because the media wouldn't report the Guides, but we want people to use
the Guides so that they can help work with the local industries on
improvements in performance.

Because data reported to EPA and states are estimates to begin with, small
differences between sites are not meaningful. For this reason, Facility Rankings
do not provide an absolute ranking, but rather group sites into top, middle, and
bottom levels, based on a weighted average of the various performance
indicators and scrutinized by someone with expertise in this area. This rewards
companies in the top level for being good performers and punishes those at the
bottom level for being poor performers. Notably, some companies' reported data
was of such poor quality that it could not be interpreted.

    [The oil refinery information using '95 data employs] multiple
indicators. We're happy to use even more indicators, but there's a limit to

what data are available. … [So] we used what was available, and we felt that using multiple indicators was a more robust way of ranking than to use single indicators. So I … am much more confident using multiple indicators. [If there's] poor performance in several of those indicators, I feel much more comfortable saying that that refinery is worse than the one that had good performance in multiple indicators. … What we did is we did all the hard work and presented the results with lots of interpretation behind it. … I think technically [the multiple-indicator rankings] are sounder, more robust....

There is often a peer pressure to not be articulating how you're doing a good job environmentally compared to your peers. So what I did was I tried to look at what [refineries] were doing, and I would identify when someone was doing a better job than others. And instead of constantly addressing them in a negative way in terms of compliance and what was going wrong with the industry, I was able to identify the good actors and the bad actors and separate those. Whereas within the industry themselves, they weren't able to do that very much. ...

[We put the Facility Rankings together for] a number of reasons. So that you can give credit to the good guys and not the bad guys. So you could get the bad guys to move up to the level of the leaders. But, from a policy standpoint, it points out deficiencies. You can see we have a little box of the reporting being so bad that we couldn't even rank them; that, to me, is an enforcement issue; the government needs to go after those refineries and say, "Your reporting's really bad," and start fining them, so that we have better data on the next round.

Considering Refiners Reactions and Making Adjustments. Managers of highly ranked facilities reacted quite positively, although they were sometimes hesitant to do so publicly. PPA spoke to refiners to determine what other data refiners felt PPA should be using and how refiners felt data should be interpreted. PPA made adjustments when refiners explained how their innovative processing practices led to less pollution than the reported numbers indicated.

And when I started to do this comparison of refineries in terms of their performance, a lot of people within the industry, particularly those that were performing well, said, "That's a good thing that you're doing. It's the kind of thing that, if we were in your position, we'd be doing." And I talked to them about, "What kind of indicators should I be using? Does it make sense to compare sulfur emissions versus nitrous oxide emissions in refineries?" That kind of thing. … Privately for the most part, but occasionally it would come out in an article in the Corpus Christi or the El Paso newspaper or TV station saying, "Yeah, they gave us a good grade. That's a good thing. We like the way they're doing it." That kind of thing.

[One refinery] didn't come out performing very well. They basically met with me and they said, "Well, we looked at your methodology, and we

do a very unusual process at our refinery. We don't put everything through the distillation column initially, like all these other refineries do. We actually process more than you thought we processed. So the number you used to normalize your information – waste per barrel refined – you thought we had far fewer barrels. If you divided by a much bigger number, we look a lot better. Since you gave us a bad rating, and our local press picked that up, let us show you the data, and you can write a letter to the local paper that says, when you redid the ratings, this is how they come out." And that made total sense to me. I would never get that information otherwise, that they had an unusual process. They were basically supportive even though, initially, they didn't come out looking that great. But they knew why they hadn't come out looking that great.

In addition to looking at individual refineries, the Facilities Rankings can be grouped by state, which can be useful in two primary ways. First, policymakers and community activists within a state can compare one refinery to another and ask why there are differences in performance. Good performers can be held up as examples to be followed and as proof that better environmental performance can be achieved; poor performers can then be encouraged to follow the examples of better performers within their states. Second, because different states have different regulations, policymakers at the state level (including some at ED) could use this information to try to determine why some states were better performers than others.

> A small difference [in the rankings] is not very meaningful, because these numbers [the EPA data] are all estimates. But a big difference is. I did two things: One is I was able to lay out for people the whole range of refineries, from best to worst (but with lots of caveats, saying that small differences aren't meaningful). But I was also able to group states, … and there were some big differences – like New Jersey was an order of magnitude better than Texas, for example, and they both had a lot of refineries. And that was something that let me say, "Well, people should look into why that is. Is there better regulation in the state? Is there better enforcement?"
> We [PPA] were very much in favor of the throughput analysis, which was sort of an advance right-to-know that they had in New Jersey, so we had an interest in showing that New Jersey refineries were performing better, because there was more information out there to the public. So we raised that: "Is that the reason that they're so much better? What is it?" The policymakers and decision makers could look at that and try to understand why there are such big differences between New Jersey and Texas. And it enabled the grass roots in Texas to say, "Well, look, you

> know, they're doing it in New Jersey! They're not going broke." Because oftentimes the industry will say, "Well, if we do that, we're going to go out of business" or something like that. It enabled them to show that it was possible. So it took away one of their answers about why they had trouble making improvements, because it separated the states, too.

Rankings were grouped by facility but not by company because that was not something ED was interested in. Grouping by company would be most useful for investor activists, not for ENGOs or community groups.

> I didn't [group them by companies] for a few reasons. One, that as EDF, we didn't do so much company by company targeting so much as some of the groups that were looking at investment issues or organizing against Exxon, or something like that. And other thing is the companies changed so much with these refineries. … They're constantly buying and selling, and two years later it's different ownership.

The interviewee speculated on six reasons why there are pollution differences across refining facilities: 1) corporate policies; 2) plant managers' policies; 3) policy priorities of state governments; 4) level of activism in the area; 5) corporate spending on pollution prevention; and 6) fuel sources.

> They differ because sometimes you have corporate policies that try to maximize performance, sometimes you don't. Sometimes, it's left just to the particular manager to do whatever they think is best, set their own priorities. As we mentioned earlier, you have different state pressures or levels of attention to these issues, different state priorities. In Texas, the oil industry holds a lot of pull, so you're not going to have a lot of clamp-downs on that industry; you might not have it on any. One thing we found is that, in Montana and Wyoming with refineries, they didn't perform very well; and in New Jersey and Ohio and places with a denser population of activists, activists may even make a difference, even though the industry will never admit that – outspoken neighbors. Money the company spends – how high a priority it is to have good environmental performance, or are they really squeezing and trying to maximize their profits, maybe at the expense of things like the environment. The ease they have to get high-quality, low-sulfur fuel: that's a decision that feeds into your performance, where you get your fuel from, how much they pay for that, because that will affect your sulfur emissions. A whole lot of reasons. A laundry list. Probably if you asked me tomorrow, I'd have five more.

PPA Project:
Clean Car Campaign

Motivation for the Campaign. ED's Pollution Prevention Alliance decided to get involved in the Clean Car Campaign because 1) automobile buyers need to have information about vehicles in order to make informed purchase decisions, and 2) they did not believe automobile manufacturers were making acceptable environmental progress.

> [The coalition members] ultimately got frustrated that the industry just wasn't progressing at a pace that we thought was acceptable. ...
> I do honestly believe that the auto industry in general is striving to be better. I don't know if it's altruistic – they definitely see pollution as wasted material. So it's an efficiency thing, it's a cost thing for them. But at the same time, it's a marketing tool that they can use to their advantage. I think Ford is milking it for all its worth. But at the same time, what are they ultimately offering in their products? And that's the question Environmental Defense is asking: "Let's give consumers a choice and let's educate them. Or let's give them information so they can make an educated choice."

Development of the Clean Car Campaign coalition. A coalition of three national and three Great Lakes regional ENGOs developed the Clean Car Campaign for the purpose of challenging the auto industry to use more environmentally sound means in the production of more environmentally sound vehicles.

> The Clean Car Campaign is a coalition of national and regional environmental organizations. Nationally, it's Environmental Defense, Union of Concerned Scientists, and American Council for an Energy Efficient Economy. Regionally, it's Ecology Center (which is in Ann Arbor), Michigan Environmental Council, and Great Lakes United. And collectively, all six of those groups have worked on issues related to the auto industry or worked with the auto industry directly on various aspects of reporting, pollution prevention, cleaner production design – different projects, different aspects of the automobile industry. …
> The Union of Concerned Scientists, for example, were very proactive on the clean tailpipe stuff: the mandate that they had in California, for example, … helped them be a lead organization for the Tier 2 standards that came out federally. … Union of Concerned Scientists had already educated themselves and were active at the state level on a tailpipe

standard for the auto industry. … And then that experience just kind of put them in the leadership role at the national campaign level. …

We included the regional folks because the … vast majority of the industry – some 80% of it in the United States – is in the Great Lakes region. So we included Great Lakes United because they are the ones who are affected with the manufacturing aspects of the industry. We included the Ecology Center because they had many, many years of experience working directly with the industry, trying to get them activated on certain issues. … They brought the level of involvement or the level of intimacy with the industry that benefits the effort to the coalition. … We do have our own experience, but it just strengthened the Campaign by having the regional folks. …

So we organized and developed this Clean Car Campaign, the core of which is the Clean Car Standard, which sets a performance-based standard for the auto industry to meet. We looked globally at all the best practices that the industry could be applying and developed the standard … for fuel economy, … for tailpipe emissions, … and for manufacturing. So we established this standard and we said, "OK, industry, we challenge you to even offer *one* vehicle that meets this standard."

Benchmarking the Industry. Once the standards for fuel economy, tailpipe emissions, and manufacturing processes were set, the coalition sought to identify individual vehicle models which met or approached those standards.

And just about two years ago, I was asked to benchmark where the industry is. … Fuel economy and vehicle emission data are [publicly] available through EPA's database. … So I identified maybe a dozen vehicles from that fuel economy analysis that came close or did meet the component of the standard. Then with the tailpipe standard, I came up with a list of twelve cars. … There was some subjective judgment to developing the list, because … a lot of Toyotas kept coming up and not a lot of GMs or Daimler Chryslers came up, just because of the vehicles they choose to market and manufacture. But we didn't want to burden Toyota or Honda or Ford with a lot of data requests. So we kind of pulled some of their vehicles out and then added some of the other ones, just to get it a little broader feel as far as what we're asking for. …

Because manufacturing data was not publicly available at the level that we needed, which was a make-model – like for the Ford Escort, what's the manufacturing footprint? – we have to go to the industry and ask for that directly. … I was going to ask for those twelve, because for all twelve of them, I don't know what the manufacturing footprint is. So I created a six-page questionnaire that clearly defined the standard, introduced them to the standard, clearly explained what we were doing, trying to basically benchmark the industry's performance, but at the same time promote their best vehicles, because we identified the best that were in fuel economy and tailpipe standards. And then we also gave them the opportunity to tell us their best manufacturing story. Maybe the Toyota

Corolla performed well as far as fuel economy and tailpipe standard, but the best manufacturing story for Toyota was the Prius, and they'd rather tell you about that than the Corolla. So we gave them that option as well.

The Industry Responds to the Benchmarking Survey. In the process of benchmarking, a survey was sent to the manufacturers requesting data and information about their manufacturing processes, particularly but not exclusively as they pertained to individual models.

> Sent these out and got just a variety of responses. I mean, it was quite comical to a certain extent, the variety of responses. The first response I got back was from Daimler Chrysler. Their manager just said flat out that he's not going to respond. Daimler Chrysler does not compete on the environment. They do the best they can do given the constraints that they operate under, which is typically economic, but they do the best they can do, and they don't think the environment should be a competitive metric. …
>
> And then the other spectrum was Toyota, which was bending over backwards to get us the information, but because we were asking about the Toyota Prius, the information had to come from Japan. So our survey had to be translated into Japanese, [answered] in Japanese, and then translated back into English. … Once it was translated back into English, the U.S. branch of Toyota said, "We don't want [it to be] published, because it's competitive." They felt that, say, if they have a better painting line, that the money they save from less regulation or less disposal costs is their advantage, and they don't want to give that away. But they did share with us some broad descriptions of how they're doing.
>
> And then the middle-of-the-road was General Motors. General Motors had some of the cars that I was asking about, the Geo Tracker and the Geo Metro – two cars that sell maybe a couple thousand vehicles a year. … They didn't think those vehicles that we selected based on our criteria represent their vehicles, so they weren't going to tell us that [manufacturing] information. They wanted to tell us the stories that they wanted to tell us. … Two years later, I haven't gotten a word. Unfortunately, one of the vehicles that they were going to tell us about, the best aggregate of all of the different manufacturing stories that they wanted to tell, was … a flop market-wise. … It might have been a great environmental story, but an environmental story that doesn't market well. …
>
> For about a year, I got back in touch with the ones [car manufacturers] I was still waiting for data on, pretty much on a monthly or bi-monthly basis, and most of the time, they never got back to me. …

Auto Companies Withhold Information. Vehicle manufacturing companies do not like to share information. Sometimes, this is because they are protecting

their competitive advantage (e.g., comments about Toyota, above). Sometimes their reticence to share information is because they do not want to reveal a potential improvement that is still in process; and in those cases, they also do not want people to know how bad they are right now.

> One of the coating engineers, managers, that I was talking to early on in the process voluntarily got back to me six [or] seven months later and said, "OK, I can tell you a story now. We've eliminated lead from all our painting processes." And he voluntarily sought me out and wanted to tell me that, because they are definitely a leader in the industry. They are above average. They've eliminated lead, [and] they're the only company who has done that so far. And they want to tell that story. … They don't want to let you know where they're coming from – how bad they are now.

The Importance of Top-Level Management. Auto industry EHS managers often enter into negotiations with outsiders, but because they are not the ultimate decision makers, any agreements they make have to be approved by top-level managers. This is often a stumbling block to progress.

> For the most part, [the people I was dealing with] were the environmental managers or directors of the [environmental] programs. ...
> I actually was in a meeting with the scrap recycling industry recently, and they were complaining that the vehicle recycling partnership that's been going on for about ten years, that the scrap recyclers are sending their CEOs and their presidents to these recycling meetings, because that's the level of importance they place on these meetings. But the auto industry is sending their managers of environmental health and safety. And while they all agreed to … the next steps, the auto industry [EHS managers] need okay from above them. Nothing ever happens. So even though we are working fairly high up in the hierarchy on the environmental side, it's still not getting to the business side. And I think that is one of the biggest challenges that I've seen for my work: … you can work the right people that … have access to the information you need and can influence the process, but they aren't the ultimate decision maker. And getting to the ultimate decision maker is an incredible challenge.

The Importance of Economics. Proposed changes of any kind must yield substantial additional profits for manufacturers in order to even be considered.

> And a lot of times, … it seems like the NGOs aren't necessarily heard … until there's a potential lawsuit or until there's a potential monetary loss. … If the process that you're suggesting … prevents pollution [and

will] cut their waste by an order of magnitude, even if it is a break-even option, they aren't going to do it. It has to save a significant amount of money for them to change their current process, … because it requires change.

Green Marketing. The Clean Car Campaign is working on two ways of encouraging consumers to buy greener cars: 1) via the development of labels addressing fuel economy, emissions, and manufacturing processes, and 2) via tax credits to purchasers of more environmentally sound vehicles.

> But that's actually one aspect of the campaign … that we're now getting to … after two years – the marketing side. We actually hired a green marketer at Environmental Defense to support our Clean Car Campaign work and how we can … promote a type of product labeling that would actually encourage consumers to buy a specific vehicle. The fuel economy label is kind of the common one that everyone is familiar with. … So what can be added to that … to reflect tailpipe emissions standards? There's a smog index right now, but what does it mean? No one really looks at it, because no one understands what it means. And then manufacturing – what are the manufacturing aspects that are important, and how can we relay that information onto a label that might encourage people to buy or not buy? That's where the Campaign is trying to hit that bottom line… in terms of … revenue generation. …
> What we've actually been promoting before the label is green tax credits – a tax benefit for vehicles that are more fuel economic and are less polluting. The energy bill that the House passed this last session … gave tax benefits to vehicles that are advanced technology: … typically hybrid and hybrid-electric. Some of the other provisions that got into the bill in the House include fuel cell and alternative fuel as well. Basically, what we're trying to do is create a market incentive for [vehicle manufacturers] to market these vehicles. …
> So I think there's market mechanisms out there, and Environmental Defense is definitely keyed into those and uses those whenever possible.

Enlisting the Help of Other Stakeholders. Consumers take the Clean Car Pledge, agreeing to use the Clean Car Standards in selecting their next new vehicle. And the names of those who take the pledge are entered into the Action Network database; they receive emails encouraging them to contact politicians and car companies about issues of concern.

> The Clean Car Campaign has … a Clean Car Pledge, which consumers can take. They say, "I'm going to use the standard the next time I buy a car. I challenge industry to give me a choice of a cleaner

vehicle." So they sign the pledge, and it's essentially just a verbal support of the Campaign and our efforts. Collectively, the environmental movement has received over 150,000 pledges to date….

We've used those names in a web tool called Action Network, so we can actually rally these people around a subject, and they can send letters through fax or through email to decision makers. Action Network was designed to communicate with politicians, but we've used it to target the industry. And we've sent messages on a variety of subjects related to our standard. The first big, successful one was the use of poly-vinyl chloride. GM over a year ago said, "We're going to eliminate PVC from the interior of all our vehicles by 2004."… We took that opportunity to target Ford and Daimler Chrysler, saying, "Hey, look what GM's doing. It's possible. We challenge you to do the same." And they received hundreds of letters and faxes, not to the CEOs, but to the managers or vice presidents of the environment. … Daimler Chrysler unplugged their fax machine and threatened to sue us; and that fax machine number still doesn't work. But Ford came back and said, "OK, we hear what you're saying. This summer, we will assign an intern to assess all our uses of PVC, and we'll get back to you."

The other fax attack that I wanted to tell you about … targeted Ford, Wagner, and Shrempf –the presidents and CEOs of the industry. … [Early] this year, we released two reports that document the continued use of mercury in the auto industry and the historic use that has placed about 200 tons of mercury on the road right now. And there's no management for it. The vehicles are coming off the road, being shredded, and that mercury's either released directly to the environment or contaminates all the materials that are collected from the auto recycling process, and the steel mills are releasing the mercury to the tune of about 10 tons per year from the auto industry.

A Coalition to Address the Mercury Issue. To address the use of the element mercury in automobile components, the Clean Car Campaign entered into a coalition with two industry associations – those of auto recyclers and scrap recyclers. This coalition believes it has enough power to get the auto manufacturers' attention.

For the mercury issue, … the Clean Car Campaign has joined forces with the Auto Recycling Association and the scrap recycling industry to basically pressure automakers to do something about this mercury issue. So again, it wasn't because we didn't have the expertise in-house; it just strengthened our hand against the auto industry. In the line of who does what, the auto recyclers would be required to pull the [mercury] switches, because that's where it logically makes sense; but they don't want to be responsible for that financially. They're looking for auto industry money to do that properly. … If [the auto recyclers] don't [pull the mercury

switches], which is happening now, the steel recycling industry gets hit with, say, the permit violations or the contamination issues. … So [the steel recyclers] have a benefit to see that the auto industry does something. … And the steel industry's a big supplier for the automakers. …

Global and Regional Air Project:
Partnership for Climate Action (PCA)

One ED interviewee works on the Partnership for Climate Action, which helps companies develop emissions trading schemes.

> We started doing a lot of work with BP [British Petroleum] about eight or nine years ago. … BP has embraced [the idea of reducing greenhouse gas emissions] for example, Shell has embraced it. I think several other oil companies are starting to look at it. And as a result of that, you're seeing a strategic change in their long-term business planning, where they are beginning to introduce alternative energy forms in a way that's probably faster than they would have if climate change wasn't a problem.
>
> The other thing that the [BP and Shell] are doing is that, by stepping forward and taking the steps that they have taken, they have broken the oil block. … When industry sectors stop being monolithic, it becomes a lot easier, I think, to create the opportunity for moving forward on regulation. …
>
> On climate change, we looked for a couple things: we wanted to get emissions down. …
>
> … Our initial goal was to … start harvesting the low-hanging fruit. … So one of the first things we started looking for were the really large emitters, because we wanted them to start measuring this stuff, monitoring it, thinking about it, thinking about how to control it. The other main target we had was a domestic policy aim, and that was to build … a coalition of companies saying, "If you start to phase down the regulation over time and give us some recognition for these early steps, then we can" [reduce our greenhouse gas emissions]. …
>
> At the same time that that was going on, we started this PCA [Partnership for Climate Action] effort, which is what I work on. … [PCA] really started with BP in '97, but officially we launched it October of 2000 with seven companies. We went from the work with BP to actually beginning to recruit new companies, which took a good year and a half.

An October 17, 2000, press release proclaimed,

> BP, Shell International, DuPont, Suncor Energy Inc., Ontario Power Generation, the Canadian aluminum company Alcan, the French aluminum company Pechiney and Environmental Defense today announced the creation of the Partnership for Climate Action. The primary purpose of the Partnership is to champion market-based mechanisms as

a means of achieving early and credible action on reducing greenhouse gas emissions that is efficient and cost-effective.

Contacting and Targeting Companies. ED exploits existing relationships to engage companies in conversation about emissions trading.

> [Working with companies is] a combination of being somewhat opportunistic – if you meet somebody at a company who has a vision or has an interest [in] and a curiosity [about] how this stuff works and is really willing to have a conversation with you about it, that's a good place to start. It's also great if you have some personal contacts with a company to exploit. … We try to find connections so that we can get to the highest level possible in the company, and the CEO is always preferred.

Clarifying and Juggling Relationships with Companies. ED sometimes works with companies even when it disapproves of other corporate activities; such a partnership involves getting internal approval as well as approval from other ENGOs with which ED is working. ED clarifies and narrowly focuses the scope of its projects with companies in order to avoid providing greenwash.

> I think that, when we start to work with a company, we need to make an assessment about, "Do they have negatives that override what would appear to be an honest and sincere effort to do what we're hoping to do on climate change?" Shell was a prime example. Our international folks were in a real ugly fight with them over human rights issues. It turns out that Shell decided to pull out of an investment … and so they stopped targeting Shell. … I'm sure there are a variety of reasons that motivated their pulling out, not just the fact that they were getting targeted for human rights issues.
> At that point, we got the go-ahead that we could continue to work with them on climate change, but we had to make it clear with them that we weren't going to sign off on them being great environmentally. … The climate change program was going to be fully disclosed. If they didn't meet targets, we would say that; if they met targets, we'd say that. … And if our international folks decided there's another case where they need to get involved and sue you or boycott you or do whatever, then that will happen. And if that's a reason that they wanted to pull out of their relationship with us, we could do that, but we tried to very narrowly focus that.

Considering the Views of Other ENGOs. Because ED works in partnership with other ENGOs on a variety of issues related to emissions trading, ED is

careful to let others know about companies it is working with or considering working with.

> Entergy is a power company…, and they're very straightforward about saying that they think nuclear's the solution to climate change. They also happen to have a lot of fossil [fuel], and they're building a lot of fossil [fuel facilities]. So we went through some painstaking discussions with other NGO groups. … In theory, if the NGOs had raised a huge stink about this, then we might have changed our position. I don't know if that means that we would have decided not to work with Entergy or if it means that we would have tried to get a more concrete statement that was anti-nuclear. … As it was, we did have statements that said, "We're leaving the nuclear assets alone. What we're doing is measuring the output from fossil." …
>
> There are a couple of reasons for that. There are about five NGOs that have corporate partnerships on climate change: Pew Center; WWF; WRI. … We're all doing slightly different things … [that] are complementary, but the public tends to look at them as competitive. So what we've tried to do, particularly in the climate change issue, is not shoot ourselves in the foot. And so my management here has insisted that when we come forward with new companies, that we do some kind of heads-up to the NGO community, so that they're not blind-sided by it, and so that they understand where we're coming from and they have an opportunity to raise points with us that we may not have considered.

ED's Stance Toward Emissions Trading. Although emissions trading is not the answer to all environmental problems, ED sees it as a powerful policy tool because of its economic impacts.

> We believe that emissions trading actually provides a real important policy tool at the global level for addressing climate change, because the biggest concern is the cost. …
>
> There's a lot of folks out there that have a moral opposition to emissions trading; my view on it is particularly if you can show the environmental science backs you up, why not try and get the most economic emissions reductions possible? I think that that means that you free up more resources for solving other problems, or you just create more wealth in the economy, which I think is a good thing as well. That doesn't mean that it should be used blindly and that it's a tool that fits every problem. …

World Resources Institute (WRI)

Overview

WRI served as a pilot study for this research. As was true for NRDC, at the beginning, most of the questions that respondents addressed concerned the <u>assessment</u> of individual companies by the ENGO. Thus, not all interviewees presented stories about WRI's <u>interactions</u> with companies (as was generally the case for ED, Greenpeace, and UCS). Nevertheless, two interviewees did discuss specific industries and companies. The first of these two interviewees requested that I disguise the company and industry, as well as that I not use direct quotes; thus, the story outlined below on XYZ Company is paraphrased. The second interviewee also requested that I not use the company name or the specific geography of its operations; the comments on corporate contributions (following the XYZ Company story) have been edited accordingly. Finally, the second interviewee made some general comments about environmentalists' evaluations of corporate environmental performance.

XYZ Company, a Leader in its Industry

In 1999, XYZ asked WRI to host a meeting so that XYZ could get feedback from NGOs on its recently completed sustainability report. Plenty of XYZ's top brass attended the meeting, as well as numerous NGO representatives. Three primary critiques of the report emerged: 1) there were no clear benchmarks, so there was no way to tell if the company was doing well; 2) the company had not been specific about its environmental goals; 3) in some cases, stories were worded so ambiguously that readers could not tell the real story. This last situation particularly bothered the NGOs, as they were aware of one circumstance in which XYZ refused to take responsibility for a major environmental problem caused by one of its facilities. No reader of the report would ever have recognized the magnitude of this issue based on what was said. In the end, NGOs left the meeting feeling that they'd probably wasted their time.

However, shortly afterwards, major changes at XYZ indicated that perhaps it had been worthwhile. It turns out that XYZ had an established sustainability policy it wasn't following. Stockholders were threatening a shareholder resolution, labor unions were threatening to strike, and environmentalists were up in arms. The company was turning to NGOs for help in order to stave off these pressure groups.

A new position of Vice President for Sustainability was created, and its first occupant was a gentleman with a good reputation in his home country. He invited several NGOs to a meeting in an international location and asked them to suggest what XYZ needed to do environmentally. Surprisingly, he agreed that the company would move forward on several of the difficult initiatives NGOs had suggested. As a result, some NGOs thought perhaps they hadn't asked for enough; perhaps they should have approached this as a negotiation.

NGOs and XYZ employees teamed up to form working groups to address the issues. The groups met over the course of several months, putting in long hours, setting aggressive but realistic goals, and making important progress. The company, however, was NOT progressing. XYZ, who had instigated this whole process to begin with, apparently was having second thoughts. They were stonewalling, not letting the groups know where they stood on issues of vital importance to their advancement. When the NGOs pushed for answers, the company said they simply weren't going to follow through; XYZ no longer wanted to stand out from its competitors but preferred to take part in the development of an industry-wide policy on sustainability issues. The company became a participant in an entirely new NGO initiative, led by one of the NGOs that had been involved in the first effort. The VP for Sustainability left to take a position with an international organization.

The other NGOs felt betrayed by their colleague and angry with the company for leading them on. They also felt powerless. They'd laid their cards on the table,

and since the company didn't want to play, there was nothing they could do. In an effort to avoid losing all the progress they'd made, the NGOs told the company they'd like to maintain some level of communication. At the same time, they also made sure XYZ was aware it would not likely get NGOs' enthusiastic assistance in the future. XYZ didn't seem to mind.

As it turns out, about the time the VP of Sustainability position was created, a new CEO was hired. Apparently, he was in no way interested in environmental efforts and really had no vision when it came to sustainability. In fact, he wanted no part of anything that could be risky, and high levels of uncertainty in sustainability planning make action steps risky. Add to that pressure from others in the industry, who didn't want anyone raising the bar on environmental behavior, and the CEO simply capitulated to other pressures.

This episode with XYZ made many of the NGOs involved think that talking to companies in this industry isn't worthwhile. They are now considering ways to bring financial pressure to bear on the companies, such as through the World Bank and others in the multinational investment community. It would seem this would mean a more painful, punitive outcome for companies than could be had via negotiation. Still, there's some hope for companies in this arena. Not all the NGOs are ready to give up on the entire industry, but they'll certainly be more careful and more skeptical next time they're invited to collaborate.

Corporate Contributions and
Evaluating Corporate Environmental Performance

A second interviewee at WRI spoke about how the ENGO determines whether to accept contributions from a particular corporation. All WRI staff members are notified if a corporate contribution is being considered; they have the opportunity to object and have their objections considered. The interviewee described a case in which concerns were raised about the proposed acceptance of contributions from a particular corporation.

There is an internal debate here in WRI about ... acceptance of funds from corporate entities. That's one of the issues that [ENGOs] face. For example, if you're engaging directly with the private sector to try to change their behavior, foundations don't want to fund you, because if in fact you're making the argument that to green a corporation is good for its bottom line, then it's a value-enhancing activity, and why should a non-profit foundation fund a value-enhancing activity? On the other hand, if you accept those corporate funds, aren't you compromising your independence? ... You do want to engage the private sector, but that time and that effort has to be funded somehow.

WRI had a policy of not taking money for specific projects to maintain our independence, and limiting the amounts of money that we take. In addition, we have a full disclosure policy within the organization: we disclose to all the staff that you intend to approach a corporation for money, and if there's any objections from staff, then it becomes a management decision.

A good case in point is for example a company like Firm A[23] , where there is a massive mobilization in Country X[24] against a large plant that Firm A has been building there. ... Part of the reason [for the objection to this] is that it's a very bad deal for Country X, in the sense that Firm A negotiated a very juicy deal for themselves. In part, that was because the government of Country X was inexperienced, got taken for a bit of a ride. In part, there've been accusations, never proved, of corruption and bribery, and there've been accusations of Firm A taking the help of the police to repress protests and this kind of thing. So it's not that Firm A paid thugs anything, but there was police overzealousness, shall we say, which was at least abetted by Firm A, would be the argument.

There's been another book out on [these actions by Firm A in Country X]. There are several websites that deal with this issue. But the questions becomes, is this just innuendo? Is the benefit of the doubt always given to the public interest advocates versus the corporate side? Is it really easy for NGOs, then, to just tar a corporate reputation? Should that be OK? ... These are all difficult questions for us to grapple with. So we end up doing it on a case-by-case basis. ...

Our point to corporate actors ... is that you have to be extra-scrupulous, because perceptions do matter. In a world of imperfect information, you have to actively build a positive reputation. … You're only as good as your worst part.

The interviewee made some general comments about things that individual environmentalists and ENGOs consider when evaluating corporate environmental performance.

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[23] Company name is being suppressed.
[24] Country name is being suppressed.

> I wouldn't call [what we do to evaluate companies] an investigation, because it was more based on ... simply things that come across your email and things that you've heard about, that your colleagues tell you about. You might then go one or two steps further, send out a couple of emails, do a quick web search, read a couple articles. That kind of thing. I wouldn't dignify it with the term "investigation." ...
>
> What I am looking for would be ... signs of corporate good citizenship. ... Are there indications that this company has flouted national rules? Are there indications that this company has engaged in human rights abuses? Or if it's violated environmental laws, that's sort of an open-and-closed case, as far as I'm concerned.
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> Next level up, if [the company] has stayed on the right side of the law, but has ... concealed information, [or] it has performed acts or participated in infractions that [it] would never do in its home country but feels that it can do in a developing country because enforcement is low – even though it's not strictly illegal – that would also be grounds for concern; that would sort of be a next level up.
>
> And then a third level would be whether or not [the company's] practices come close to or conform to good practice of consultation, access to information, taking an active concern for affected communities, which may not be required by law but would be considered part of good corporate citizenship. So there're sort of three layers.
>
> To some extent, you expect these corporations to be involved in lobbying for bad things. It's less scandalous, because you expect it. But I'm not focused on that so much. ... My implicit model of action is thinking about the pressure that can be borne through reputational risk. Therefore urging corporations to feel that pressure and respond by being good corporate citizens [is important]. As well as the pressure that can be brought through disclosure and sunshine laws. And so I'm sort of focusing on how corporate actors react to those two things.

Union of Concerned Scientists (UCS)

Overview

I conducted four interviews with UCS staff members. I decided this was too few to use the data to draw inferences; however, the information UCS interviewees provided was consistent with that collected from the three case study organizations (NRDC, ED, and Greenpeace), so I used UCS data to provide additional support for the inferences. One interviewee provided a general overview of UCS, much of which was included in Chapter IV. Two interviewees discussed the work of the Clean Vehicles Shop, a portion of UCS focusing on the development of less environmentally damaging cars and trucks. The fourth UCS

interviewee discussed the ENGO's efforts to promote greater oversight of and responsibility by the producers of genetically engineered foods.

Clean Vehicles Program:
"Pollution Lineup: An Environmental Ranking of Automakers"

Frustrated over the apparent disconnect between what automobile manufacturers were claiming to do environmentally and what they were actually doing, UCS embarked on a campaign recently to develop a ranking of car companies – Isuzu, Daimler Chrysler (including Chrysler and Mercedes), Ford (including Mazda and Volvo), General Motors, BMW, Mitsubishi, Nissan, Toyota, Volkswagen, Subaru, and Honda – based on their products' environmental impacts. UCS focuses on products exclusively and not on manufacturing processes, based on the fact that 85-90% of a car's global warming pollution results from its operation and not from its manufacture. Attempting to capture media and consumer attention, the organization wanted to praise companies whose products performed well while punishing companies whose products performed poorly. Emissions data, fuel economy data, and sales data were collected from EPA, and a weighted average score for each company was developed. UCS released to the media a report entitled "Pollution Lineup: An Environmental Ranking of Automakers"; the media subsequently approached companies to explain their numbers.

> The automaker rating project was an effort to try to separate the hype from the hardware. The automakers in the mid- to late-'90s were spending a lot of their research dollars and PR dollars on what they broadly characterized as "green technology" – advanced, next-generation cars. And our concern was that there was a sense the entire auto industry was making this tremendous shift. ... The industry had really been spending a lot of time ... trying to paint this picture of an industry in transition towards green technology.
>
> The automaker rating was an effort to try to move beyond the press releases and talk about what they're <u>actually</u> producing, because that's of course where the true environmental impact of the auto industry comes into play. ... Not only is it a fuel economy issue, but it's an air pollution problem as well.

So the idea was to try to clarify that the industry is not as green as their press releases would like you to think. Hence the idea of evaluating their products. And then the idea of a ranking was to try to suggest that there are differences between companies. And there are important ones. ... The companies with the cleanest products were foreign automakers. ... Honda came out on top. They're actually using our automaker rating in commercials that they're running on TV. It was tough for us to decide whether or not we would let them. Theoretically, of course, they could just use our study; but they were nice enough to ask. And it allowed us to force them to put in some caveats. …

… There is a consumer element to this, to the extent that folks are buying Ford products because they feel good, because Ford is doing good things for the environment. We want to sort of disabuse them of that notion. But the reason to focus on the products, not the production, is because that's where the biggest environmental impact takes place when it comes to the automotive sector. … For example, when it comes to global warming emissions, over the life cycle of the whole car, the production accounts for maybe 10-15% of all of the global warming pollution associated with vehicles; the other 85-90% comes out of the tailpipe. …

The Environmental Protection Agency, when they certify new vehicles, they obviously certify to a particular emissions level and a particular fuel economy level; so you can actually get engine-by-engine data on emissions performance. You can also get the sales data from the Environmental Protection Agency. And so you just put those together to come up with a sales weighted average emissions for each auto company for both air pollution and for global warming pollution. …

There's an excellent guide published by the American Council for an Energy Efficient Economy (ACEEE) called the "Green Book"; it's very consumer-oriented information on how green is every single model. It's a fantastic resource. That was already out there, [so] we didn't need to re-create that. The idea was to talk about the macro scale – which <u>companies</u> are doing a better job for the environment, not which cars. ...

… We did a pretty significant press release in Detroit. ... Certainly the Honda ads have expanded the audience for the report in a greater way. But it really ended up being an important media piece. ... The auto industry was spending a lot of time and money trying to define what was green, and we felt like the environmental community ought to have a role in helping the public through the media understand what companies are becoming green. Truth in advertising is the approach here.

The media, through due diligence, went and started asking the car companies what they thought of our new report.

**Clean Vehicles Program:
Raising Fuel Efficiency in the Ford Explorer**

In a similar vein, UCS was disgusted with auto companies' history of denying that technology will allow improvements in safety, efficiency, or environmental performance. Citing the fights that preceded the requirements for seat belts, air bags, and catalytic converters, UCS determined to prove that today's technologies would allow SUVs to get markedly higher fuel economy. They selected the number-one-selling Ford Explorer and, using a sophisticated modeling program, demonstrated that efficiency improvements on the order of 50% would be possible.

> We did an analysis of how to make a Ford Explorer better for the environment ... in 1999. The broader policy context that there was an active debate ... over whether or not we should raise standards for SUVs and other trucks, because they're allowed to be about 25% less efficient than cars in terms of fuel economy. One of the key challenges we've always faced with the auto industry is a debate over whether or not technology's there to make a change. Automotive history is strewn with examples – like seatbelts, air bags, catalytic converters – [where] the technology has begun to emerge, regulators have begun to consider regulations to require them, and the auto companies [have] said, "Well, the technology's not really there," or "It costs too much," or "It'll have adverse implications." And that's really been the center of the fuel economy debate.
>
> Our effort was to demonstrate to policymakers and to the media that, "No, in fact, the technology is there." What we did is used a fairly sophisticated modeling tool to estimate what a Ford Explorer – the best-selling SUV in America – could be, in terms of fuel economy in the real world. And we showed that you could boost its fuel economy by over 50% using technologies that are already being used in cars – at least somewhere in the world – and some technologies that are emerging that suppliers are starting to develop; but nothing that was in a research phase. ...
>
> That has been one of the more successful visibility pieces that UCS has created. ... You had a group of scientists coming out and saying, "You could have a Ford Explorer that gets 28 miles per gallon, not 19 miles per gallon. And it would save you money at the pump, even though it would cost you a little bit more at the dealership. On balance, you'd save a couple thousand dollars over the life of the vehicle."

Ford, headed by self-described environmentalist Bill Ford, Jr., invited UCS scientists to meet with its engineers to discuss the mix of technologies that would

enable the achievement of these numbers. In the process, UCS discovered that Ford engineers had been working with the same set of technologies but were skeptical about cost issues, potential handling impacts, and other tradeoffs associated with the proposed changes. Still, UCS was favorably impressed with their earnestness, and this led to a continuing cooperative relationship.

> It sort of crested when William Clay Ford, Jr. became Chairman of the Board of Ford Motor Company. As you know, he's a self-described environmentalist. He made some significant adjustments in the posture of Ford Motor Company, pulling out of the global climate coalition, for example. ...
>
> The day we released that report [on the Ford Explorer] at the National Press Club in DC, ... Ford Motor Company called up and said, "Our Vice President of World Truck Development" – the person in charge of all of Ford's truck developments in the entire world – "wants you to come to Detroit and meet with him and talk about what you've done." [He] was interested to see the actual analysis. We actually went to Detroit, spent some time with their engineers, sitting down and talking about some of the technologies. ...
>
> The folks most interested in the work were the actual people that develop and build trucks for Ford. That's their ... Vice President for Trucks. [These were people with technical skills that were talking to us about this.] Although we did talk with their policy wonks as well, with their Vice President of Government Affairs. …
>
> I was rather surprised in sitting down ... with the engineers, to find that the list of technologies we were looking at ... was exactly the same as the list that the Ford engineers have been working on for years. [The engineers] had a lot of questions and concerns about the real-world impact of some of these technology changes. In other words, is it going to change the way a car feels to a driver? ... And the cost issues: they felt like we had underestimated costs. But there was broad agreement that these were the sets of technologies that theoretically could boost fuel economy. ... That really was an eye-opening experience for me, to recognize that they really didn't disagree with any of the technologies we proposed.

Clean Vehicles Program: Tax Credits for Clean Vehicle Purchasers

Shortly after they began discussing the Explorer, UCS began talking with Ford about looking for common ground where the two organizations might pursue legislative initiatives. They determined to work on tax credits for alternative fuel and hybrid vehicles. As the work progressed, Ford brought

Toyota and Honda into the mix to bolster support and strength, as the companies manufacture the two leading hybrid vehicles on the market (Toyota Prius and Honda Insight). Then UCS brought NRDC and ACEEE (American Council for an Energy Efficient Economy) on board for the sake of their expertise and reputations. UCS had been working with the Natural Gas Vehicle Coalition (NGVC) and the Electric Vehicle Association of America for about four years to develop credits for clean vehicles, so they entered the informal legislative coalition as well. Contacts between the NGVC and Senator Orrin Hatch of Utah facilitated the presentation of the proposed legislation in the Senate last Spring.

> Back in the Clinton administration, the administration had proposed some incentives concepts for helping these new hybrid cars into market. ... It really ultimately didn't go anywhere, but it started a process among the auto companies and within the environmental community of thinking about these types of credit programs. When we started to smooth this relationship with Ford – talking about SUVs and fuel economy – one of the places that I really urged us to think about is areas in the policy world where we could find easy common ground. … We also were making this pitch to Toyota and to Honda separately. ...
>
> I can't think of a [single] project that doesn't involve pretty extensive coalition work. The coalitions that we work with are usually the main environmental players. UCS has taken the approach of reaching out to interested parties as well. For example, we've developed federal legislation to create a federal bank program for cleaner school buses. We've been working with the natural gas industry, who would stand to gain from incentive money, to buy natural gas school buses; we've been working with them to push that through.
>
> On the automotive side, for the first time ever, we sat down with three companies – Ford, Toyota, and Honda – and wrote legislation that would create tax credits for consumers who bought a hybrid vehicle – something like the Toyota Prius or the Honda Insight, these newer cars coming out – or battery cars or alternative fuel vehicles. We actually sat down with them and with the natural gas industry and the electric vehicle industry to write tax credits. We pulled in our environmental colleagues NRDC and Environmental Defense and actually introduced a bill last Spring with none other than the progressive Senator Hatch from Utah to create these incentives. I have never seen that before. I have never seen any environmental group on the car side sit down with an auto company and introduce legislation together. That was really an interesting experience.

Another interviewee discussed the process of negotiating, both with automobile manufacturers and with other coalition members.

It's your classic negotiating scenario, where you come in with something that's either further to the left or further to the right of your actual position, you negotiate back and forth, and kind of end up on something in the middle. Overall, in the early stages of the process, which was focused on a Senate bill, we were very happy with the results. Things didn't go exactly the way we would have wanted, but that's the nature of a horse-trading type arrangement. We knew we couldn't get the perfect bill, but we got what we considered a pretty good bill.

Each [ENGO] has different limits [on what they're willing to compromise] than [the] others. Being who we are, we provide some of the technical feedback and expertise in the discussions. ... UCS has a very solid core of members, ... but it's a different quality of members [than the other ENGOs have]: it's made up of scientists and engineers. And we do a lot of our own research. Not fundamental research, but kind of looking at what the information is and bringing it together and synthesizing and analyzing. So we kind of have a different role from some of the other environmental groups in the analytical background that we provide. So that affects how we interact with our other groups, and then also impacts how we interact with the car companies. ...

The other groups, partly just because of their size, bring with them more legislative clout than we do. And often [they] will interact more with some of the members than we do. ... In terms of splitting up work, it's a lot of give and take. ... Part of it is that it is important to us to show as unified a front as we can, and therefore it is to all of our self-interests to work back and forth and discuss the issues together. Just as they're meeting separately from us, [we are meeting separately from the auto folks]. We all [including the alternative fuels people] cross back and forth.

At times, the [alternative] fuels people are more inclined to work with us, because the marketability of their products are substantially based on the environmental benefits from them. So they lean towards us often on things, and we lean towards them. But on some other issues, where it's more an issue of the specific technology, they may lean more toward the auto makers. ...

Food and Environment Program:
Genetically Engineered Foods

UCS's Food and Environment Program focuses on environmental issues in agriculture. Because this is such a sizeable topic, they have chosen to focus on three portions of the issue: 1) genetically engineered crops, 2) antibiotic resistance, and 3) sustainable agriculture.

We're interested primarily in agriculture, and in agriculture that is more broadly satisfactory than the one we have right now, that would be better for the environment, better for human health, better for the economy. So our perspective ... has to do with the best ways of growing the food and

> fiber that we need. … We're definitely broader than [just genetic engineering].
>
> Because we're so small, and we're taking on a project so large, we certainly have to make choices. We have chosen to work intensively in two areas: one is genetic engineering of agricultural crops and other agricultural products (although crops are the big ones right now); and on antibiotic resistance, which is a livestock issue and connects food production and human health. We also work, although less intensively, in the area I would call sustainable agriculture: we try to secure money, for example, in appropriations to the USDA that would go to supporting a different kind of an agriculture, not supporting the big monoculture commodity-crop-intensive system that we have today. ...

UCS staff members generally resist meeting directly with businesses, because 1) they do not have the time for long meetings, and 2) UCS's views on what businesses need to do are already clearly described in the many reports staff members have written.

> To be honest, when [businesses] call us up, as one of them did last week, and said, "Would you come over and sit down with us and tell us what your concerns are?" – I'm real resistant to that kind of a way of spending three hours. I just tell them all they have to do is read any of the zillions of words that we've put down on paper in the public context to figure out what we want; we're not hiding our position. And so the notion that they don't know and need us to come over and tell them is, I think sometimes it's well-meant, but it's a luxury we don't have. I don't have enough time to do what I'm supposed to do, much less to spend hours and hours and days and days. ...

The Food and Environment Program employs two full-time Ph.D. scientists. Nonetheless, the staff still consults with other scientists; the field is simply too large for the UCS staff to have adequate expertise in all areas.

> I'm also a scientist. I have a Ph.D. in science as well. … The other person in our program is also a Ph.D.-level scientist. And we turn to scientists in the scientific community a lot, because nobody could master all the different scientific issues that come up. You know, if you want to talk about the environmental risks of genetic engineering, you've got to know a lot about a lot. There are different risks connected with the Starlink corn than with cotton or coffee or something else. So for each one you need to bone up somewhat on issues, but then seek out other experts.

Although UCS participates in some multistakeholder dialogues, this may not be an efficient way to create change: it requires a great deal of time, and the outcomes are uncertain.

> There are folks who try to put together efforts that will achieve consensus on a polarized issue, and they bring together the different "stakeholders." ... A lot of people are professional mediators or they specialized in this. ... I'm involved in one right now that's being put together by Pew, and I think Resolve is the group that actually conducts the negotiations. They bring together a group of leaders – some people from industry; some from the community; some people, in this case, say, from commodity groups; people representing farm interests – to talk about the general issue of regulating genetically engineered crops. And then they see if they can't, over the period of two years of meetings, create an atmosphere in which people would come to a set of recommendations that they would all agree on and sign their company or their organization on to that could somehow then be moved forward in a way that would be good for us, good for industry.
>
> We would see that we would get more regulation than we would without working with [businesses], and they would see that there would be some gain in the acceptance of their products or something like that, for them to participate. So we do that. It takes a lot of time. You have to go and read untold amounts of paper; you have to help people work on what kinds of questions we should ask as a group; go out and get information that the group needs to go forward…. You're supposed to represent your stakeholder interests. So the environmental community has interests in seeing that genetically engineered crops don't harm the environment or don't harm human health. So that's the perspective we bring.
>
> They [businesses] would not be there if they thought they could get everything they need without coming; and we [UCS and other ENGOs] wouldn't come if we didn't think there was something in it for us. Nobody knows at the beginning of the process whether it will work out to be that for either. So it's always a big risk. But it's a bigger risk for us, because we have so many fewer resources than these big companies. I mean, they can dispatch two high-level people to go off and spend all this time, and it doesn't mean a lot. For us, that's our whole blooming program.

For most of its projects, UCS works in coalitions with other ENGOs.

> In genetic engineering, we work *very* closely with other groups. I don't think anybody can work on a big issue in this world without working closely with the other groups out there. I say that because we're so small; we need other people to give heft to our position. We do work closely with other folks.

**Food and Environment Program:
Using Antibiotics in Farm Animals**

UCS is involved in a broad-based coalition that is trying to effect change in the ways antibiotics are used in farm animal production. The coalition is organizing a boycott of the Bayer Corporation: while Bayer awaits an FDA hearing, the company has continued to market an antibiotic that the FDA banned. UCS has yet to determine whether it will actually participate in encouraging a boycott; the ENGO has not taken over direct actions like this previously.

> The coalition and UCS are trying to think of ways of specifically going after companies who are doing bad things on antibiotics and rewarding the companies that are doing good things. Which is probably the first time I've ever done that specifically.
> We're putting together a campaign against Bayer Corporation, which is continuing to sell an animal antibiotic that the FDA is trying to get off the market. So we've sent a lot of letters to them and haven't gotten much of a response. But we're hoping to put together a much bigger effort. We were going to actually try to influence the investor community to not participate in their IPO – although they [since] pulled it. ... Bayer was going to go public, and we were going to try to interfere with that.
> We're trying to put together a boycott of Bayer aspirin; I think it'll be small, but it could be enough to throw a little cloud over them. … This is UCS in cooperation with the big antibiotic coalition [that includes the doctors, scientists, enviros, and consumers].
> The FDA cancelled the drug. There were two manufacturers of it. One was Abbott. Abbott withdrew its product from the marketplace immediately. Bayer did not. … Under the FDA, companies that face cancellation [of approval of a drug] have rights to appeal the cancellation and to get a hearing from the agency. Bayer has exercised those rights. ...
> We're just getting started on the boycott … We're going to have a website, and we're going to do a lot of [the organizing] through the website. Our ducks are not quite in a row on this [yet]. Once we get all the ducks together, we are going to send out "Boycott Bayer Aspirin" notices to all the organizations that are in the coalition. We're going to have actions. We actually had a big Bayer aspirin bottle made as a prop, that we're going to take to various places where we have grassroots activists that undertake actions; so they might go to a drug store or something and try to get local media.
> … [UCS] has never done any [direct action like this], and one of the ducks that isn't in a row is that UCS is entertaining, as we speak, a request to do this. And because we don't [usually] do it [boycotts], we may not. My recommendation is that we do, but maybe UCS will say,

> "The rest of the coalition can go ahead with that, but we're not going to be a part of the boycott." So that would mean that we would not use our Action Alert Network, for example, to support it. UCS has already signed on to letters that have gone to the CEO of Bayer and asked them to withdraw these drugs. So we've taken some action, but we've just not been the boycott route.

Despite UCS's never having participated in a boycott before, the ENGO has had direct contact with companies and has attempted to get them to change their actions. Always, UCS bases its positions on scientific research, which it uses to effect change.

> On the other hand, on the other side, UCS did sign onto a letter going to [TGIFriday's], which has agreed to sell antibiotic-[free] ground beef at its restaurants, and we also signed onto a similar letter going to the CEO of a small restaurant chain called [unintelligible name] which has agreed to buy antibiotic-free pork products. So in those cases, we're trying to pat them on the back, give them publicity. So that we'll do.
>
> And we're planning – we're in the early stages of planning – an action directed against Tyson's and Purdue. We actually sent them letters already, asking them to reduce the unnecessary use of antibiotics, very general. We followed that up with some phone calls, and they're kind of gently putting us off and trying to be very nice. We've asked for a meeting. ... They actually have a ... very cryptic position, saying, "We no longer routinely use growth-promoting antibiotics in most of our chickens" ... They don't want to talk about it in detail. But we are looking forward to continuing to put pressure on them. ...
>
> We are an action-oriented organization. We want change in all of our programs. We are also very committed to basing all our positions on good science. ... It does make a difference in how you portray yourself. To the extent that we have a lot of scientists members, we might consider [boycotting] a more appropriate tactic for a consumer group or something like that. ... But whatever we [do], you can be sure that our science will be good. So we would never participate in a coalition that said, or say ourselves, "Tyson's is killing your children." We would say, "It represents a serious health threat because of X." And we would have done our homework and know where the papers are that support whatever charge we're making.

Using Data from ENGO Case Studies and Supporting Studies to Address Propositions

The data collected from the three case study ENGOs (NRDC, Greenpeace, and ED) and the two supporting study ENGOs (WRI and UCS) will be used in Chapter VI to address the propositions developed in Chapter II.

Chapter VI

Results and Theory Development

Introduction

In this chapter, I will use data provided by interviewees to address the propositions developed in Chapter II: the seven Assessment Propositions, the nine Targeting Propositions, and the five Influencing Propositions. I will then discuss findings unrelated to the Propositions. Lastly, I will develop a grounded theory of how ENGOs assess, target, and influence firms.

Findings Regarding Propositions

Assessment Propositions

A table indicating those instances in which interviewees commented on specific Assessment Propositions is included as Figure VI-1 on page 267.

<u>Assessment Proposition One</u>

ENGOs assess the CEP of particular firms.

<u>Case Study: Natural Resources Defense Council (NRDC)</u>

Two NRDC interviewees (29%) commented that their work does not involve assessment of CEP:

> I don't evaluate the environmental performance of companies; that's not part of my work.

Both these interviewees are involved in policy work, in which they ally themselves with companies to support regulatory initiatives. In this effort, NRDC is willing to work with almost any company that is open to such a partnership, regardless of its CEP. However, one of these two interviewees noted that the Benchmarking Air Emissions report had led the Air-Energy Program to focus on

power plant regulation – her primary activity. In other words, the environmental performance of this <u>industry</u> is an aspect of her work.

Four of the seven NRDC interviewees (57%) specifically stated that assessing the CEP for a firm <u>in its entirety</u> would be problematic. Here are two representative comments:

> Part of the problem is that, in a competitive market, [firms] keep their aces up their sleeves. … They put out disinformation. … They alternately promote and hide what they're doing. … So sometimes the guys who are the quietest may actually be doing the most.

> There aren't good companies and bad companies any more than there are good people and bad people.

Five out of seven (71%) NRDC interviewees commented that the assessment of <u>some aspect</u> of a particular firm's CEP was involved in at least a portion of their work. One NRDC interviewee (14% of NRDC interviewees) – a litigator who requires ample proof prior to filing suit against a company – reported using the report to evaluate an individual business. However, the interviewee indicated that data and assessments on a <u>company-wide</u> basis would normally not be useful for litigation work:

> I normally deal with individual facilities; I don't normally deal company-wide. So I sued a Texaco refinery in Delaware; and it really had nothing to do with Texaco. <u>This</u> refinery was a serious problem for <u>that</u> environment. And I didn't really care about what Texaco was doing compared to the industry or compared to anything. All I cared about was what was happening at this plant.

Three of these five interviewees (43% of NRDC interviewees) – one who worked on the Energy Star program, one who worked on green buildings, and one who worked on the urban program – indicated that the focus was on assessing the environmental impact of the firm's products rather than the CEP of the firm as a whole. The last of the five was a high-level manager and was not specific about the level of assessment.

<u>Case Study: Greenpeace</u>

Every interviewee from Greenpeace (100%) indicated that assessment of some aspects of a particular firm's CEP is an important part of their work. Only two (22%) – one who works on the Climate campaign and has specialized knowledge of oil companies, and one who was a coordinator for Greenpeace International – seemed to view CEP for a firm as a whole. The other interviewees (78%) focused on particular portions of CEP, and often in geographically defined areas. One example would be Macmillen Bloedel's logging practices in old growth forests in British Columbia; another example would be Monsanto's attempts to market genetically-engineered soybeans in Brazil.

<u>Case Study: Environmental Defense (ED)</u>

None of the ED interviewees (0%) reported assessing the CEP of a particular firm in its entirety. However, six of the eight (75%) ED interviewees report that <u>some</u> assessment of firms' CEP is involved in their work:

- The two AEI interviewees assessed the environmental impact of packaging prior to the UPS project, the environmental impact of recycled paper prior to the Norm Thompson Outfitters project, and the environmental impacts of diesel trucks as part of the Fed Ex project.

- The two PPA interviewees who worked on the Great Printers Project did not report the assessment of particular firms' CEP to be a part of that project. However, prior to deciding which industry to work with on this project, PPA did assess the environmental impact of the printing industry in the Great Lakes area, as well as that of other Great Lakes industries.

- The PPA interviewee who developed the oil refinery Facility Rankings (connected with the Community Guides) had to assess environmental data:

    What we did is we did all the hard work and presented the results with lots of interpretation behind it.

- The PPA interviewee who sought to benchmark the auto industry on the fuel
  economy, tailpipe emissions, and manufacturing processes involved in
  particular models assessed aspects of the CEP of those models.

The other two ED interviewees (25%) did not assess CEP, but one did address
the assessment of facilities by users of ED-provided data.

- The PPA interviewee who works with Scorecard does not assess the data
  reported by Scorecard, but the interviewee does help users understand the
  data so that they can conduct assessments.

- The PCA interviewee does not assess CEP. Her job is to help companies
  improve their CEP by helping them establish emissions trading programs, but
  PCA does not assess firms' CEP as a part of this process.

<div align="center">
Supporting Studies:
World Resources Institute (WRI) and Union of Concerned Scientists (UCS)
</div>

Three of the five (60%) WRI interviewees indicated that assessment of a
firm's CEP was not part of their work. One of these three interviewees had
assessed a particular firm's (XYZ Company) CEP report, but actually assessing
the firm's CEP was not involved. However, two other interviewees (40%)
mentioned that staff members are notified and encouraged to comment when
WRI is considering accepting funding from a particular firm. At these times, staff
members may perform an informal assessment of the firm's CEP:

> I wouldn't call it an investigation, because … it's simply things that
> come across your email and things that you've heard about, that your
> colleagues tell you about, that you might then go one or two steps further,
> send out a couple of emails, do a quick web search, read a couple
> articles."

None of the UCS interviewees (0%) reported ever having assessed the CEP
of a firm in its entirety, although all four interviewees (100%) said assessment of
specific aspects of particular firms' CEP has been or will be involved in UCS's

work. Two UCS interviewees (50%) mentioned the automaker ranking project, which ranked the eleven major automobile manufacturing companies based on the environmental impact of all the models each produced. Just as was the case with ED's Facility Rankings, the production of this report involved CEP assessment: UCS staff members had to determine which data was relevant, how to weight it, and where to draw the lines between levels. One interviewee (25%) indicated he was preparing to do some CEP assessments of particular firms as part of UCS's proposed work on shareholder resolutions with Interfaith Center for Corporate Responsibility (ICCR). The fourth UCS interviewee works the the Food and Environment Program. Her recent work has included encouraging Bayer to withdraw a particular antibiotic from the market and encouraging Tyson's and Perdue to stop feeding antibiotics to their chickens. This has required limited assessment of the potential environmental impacts of these firms' processes.

Conclusions Regarding ENGO Assessment of CEP

Twenty-seven of the thirty-three (82%) ENGO staff members interviewed for this dissertation reported doing some assessment of particular firms as a part of their work. However, only five interviewees (15%) indicated that their CEP assessment had been for a firm <u>in its entirety</u>. The majority of ENGO interviewees reported evaluating only at the level of facilities or defined geographic areas, while some evaluate entire industries and others look at products or even processes.

Assessment Proposition Two

ENGOs use CEP report data to assess the environmental performance of particular firms.

Case Study: NRDC

During the pilot study with NRDC, interviewees were asked whether they used CEP reports; only three (43%) responded directly to this question, and all of

them responded that they did not use CEP reports (0% use CEP reports). A long-time NRDC staff member commented,

> I didn't even know such things existed.

A high-level manager noted,

> The bottom line is, we don't actually look at corporate reports very much, if at all.

However another interviewee, although stating that he'd never used self-reports, said,

> Reporting is usually the first step to getting people to think about a problem. … Getting them to write a report about it, is an important step in changing the corporate culture and in looking at environment as something that we want to be proud of rather than embarrassed about.

Case Study: Greenpeace

One Greenpeace interviewee (11%) used CEP reports as a starting point for investigating company activities.

> If you track back a company a few years, in actually what they've published or actually produced, like company internal reports, etc., … that gives you a lead to assessing their current involvement

Two interviewees (22%) clearly stated that they do not use CEP reports:

> Triple bottom line reporting … if they would do it properly, I think it's very useful to have. It's useful for the corporate consumers…. It's useful for the shareholders to know who they are investing in, what they are investing in, what the impacts are, besides financial benefits or not. … You want to know that that business is around for the long term and doesn't go out of business because it's on the wrong track. … It would give NGOs and governments and whatever some idea as to what direction they're going. … However, having said that, I also see some of the environmental reporting being extremely superficial and therefore not very useful.

> There needs to be independent monitoring and evaluation for [self-reporting] to really mean anything. Especially in terms of if you're judging a company. I would never judge, especially a <u>large</u> company, by what they report about themselves. Even if it sounds really good.

No other Greenpeace interviewees commented on CEP reports.

Case Study: ED

At ED, there was some indication that CEP reports could be useful for managers, but four interviewees (50%) clearly stated that they do not use such reports. Here are two representative comments:

> [Corporate environmental reporting] is an excellent inside management tool, but we haven't figured out how to integrate it into our regulatory approach yet.

> In terms of GRI … and CERES …, for what I was doing, which was reducing pollution at particular facilities, [the information in these types of reports] wasn't valuable to me and it wasn't valuable to facility neighbors, because you never got the breakdown. … The right vision for environmental reporting? We want all data to be able to be rolled down to the plant level and to roll up to the aggregate level.

Supporting Studies: WRI and UCS

As discussed in Chapter V, XYZ Company invited one WRI interviewee to assess their corporate report; this interviewee found the report insufficient and in some cases disingenuous. One other interviewee agreed that CEP reports were not useful sources of information, bringing the total interviewees contradicting this proposition to 40%. No other WRI interviewees comments on CEP reports

UCS uses numerous sources of information in their analyses, but despite the fact that UCS is a CERES member organization, two of the interviewees clearly stated that they did not use CEP reports as a source of information and the other two did not mention CEP reports during the interview, despite having the opportunity to do so.

Conclusions Regarding ENGO Use of CEP Reports

Only one interviewee (3%) reported having used CEP reports as a source of information for assessment, therefore I conclude that Assessment Proposition Two is likely unfounded. Instead, ENGOs that assess CEP use sources other than CEP reports for their data and information.

Assessment Proposition Three

In assessing a firm's CEP, ENGOs consider quantitative measurements of environmental impacts.

Case Study: NRDC

Six out of the seven NRDC interviewees (71%) had used quantitative data to assess environmental performance, although not always at the firm level. As mentioned in the section on Assessment Proposition One, one interviewee who referred extensively to the "Benchmarking Air Emissions" report – a compilation of publicly available data which effectively ranks companies by emissions levels – does not evaluate CEP for individual corporations or facilities, but nevertheless uses the data in her policy work.

Only one NRDC interviewee (14%) claimed never to have used quantitative data to assess a firm's environmental performance.

> The problem is that the criteria I would use to rank a corporation … are very hard to measure objectively.

Case Study: Greenpeace

Four out of nine (44%) Greenpeace interviewees gave some indication that quantitative data was used in assessing the likely long-term impact of firms on the environment:

- The Toxics Campaign interviewee indicated that, in multiple cases, the quantity of toxic substances produced by a company has been a factor in targeting companies:

  > We also campaigned against Dupont because of CFCs. In that case, the reason was pretty obvious: they were the single biggest manufacturer of CFCs for most of the history of CFCs.

- The Climate campaigner who specializes in the oil industry has also used quantitative data to evaluate the likely long-term impact of companies on the environment:

> If you accept that adding carbon to the biosphere … is the sort of litmus test of any activity that you look at from the point of view of climate change, … [then] if you assume that an oil company has identified reserves, that they are going to pump them up out of the ground or tap them, and that oil will be produced, and it will ultimately be burned, and therefore will ultimately contribute to the amount of carbon in the atmosphere. And from that point of view, BP is spending a lot more money developing new reserves that add to that quantity of oil that we have that we already can't afford to burn.

- Two interviewees from the Greenpeace Forests campaign mentioned specific instances in which they compiled quantitative information either to assess a firm's environmental impact or to encourage customers to stop purchasing from that firm.

> We showed proof of infractions: we got papers from the government showing they'd been fined for buying illegal logs, and all this sort of thing. And they took those in to the companies in the UK.
>
> The government tends to fund a lot of that research, and in that way, using the government's own statistics that showed how much logging had gone on, how much we'd already lost, what species were at risk.

The other three Forests campaigners did not mention the collection or assessment of quantitative data. The high-level Greenpeace International interviewee did not mention the use of quantitative data, nor did the Genetics campaign interviewee indicate that his campaign had used any quantitative data on companies.

Case Study: ED

Of the six ED interviewees (75%) who reported doing some CEP assessment, all used quantitative data:

- The Alliance for Environmental Innovation (AEI, described in Chapter IV) uses quantitative data to assess the environmental impacts of industry sectors in order to determine potential projects.

- Prior to deciding to work with the printing industry on a project, the two PPA interviewees who worked on the Great Printers Project used quantitative data to assess the environmental impact of various industries in the Great Lakes area.

- One PPA interviewee discussed Facility Rankings and another discussed Scorecard. Both compile quantitative data at the facility level to be used to assess CEP.

- The PPA interviewee who sought to benchmark the auto industry used EPA data on fuel economy and tailpipe emissions, polling manufacturers for manufacturing process data.

<u>Supporting Studies: WRI and UCS</u>

Only one WRI interviewee (20%) – one of the two that mentioned the use of assessment when considering whether WRI should accept financial funding from companies – indicated that some quantitative data was used in his assessment. The WRI interviewee who had been asked to comment on XYZ Company's CEP report obviously discussed quantitative data, but since she reported that she does not assess companies, she did not use the data in this way.

Three of the UCS interviewees (75%) emphasized the use of quantitative data in their work. The fourth did not state this explicitly, but she emphasized the need for sound, scientific evidence, which generally includes quantitative data.

Conclusions Regarding the Use of Quantitative Data

Quantitative data is an important input to the assessment process: Of the 21 interviewees who mentioned quantitative data, 19 (90%) used it in some way for assessing the CEP of particular firms, and one used it (5%) used it to support lobbying efforts directed at a particular industry; only one (5%) denied using it at all.

Assessment Proposition Four

In assessing a firm's CEP, ENGOs consider the firm's routine daily activities that directly affect the natural environment.

Case Study: NRDC

Two of the seven NRDC interviewees (29%) mentioned firm's daily activities during our interviews, both indicating that they do routine activities are a factor of their assessment of the firm. One interviewee commented on the level of his expectations regarding regulatory compliance:

> One way of looking at regulations is, "If we did it any worse, it would be illegal." We expect more than that from a good company.

Another interviewee discussed her frustration with companies whose daily procedures are carried out with complete disregard for the people directly affected.

> For me, the main thing [I find condemning] is probably someone who I find out is violating the law knowingly and in a way that they don't have to be doing it, and the reason they're doing it is because it costs a lot of money not to do it. But people are suffering because of their actions. … You know, it's the deliberate avoidance of truth and regulatory requirements at a great expense to people out in the world or their own workers in order to save money.

Case Study: Greenpeace

Six of the nine Greenpeace interviewees (67%) noted the importance of considering the routine activities of the firm which directly affect the natural environment. Two Greenpeace interviewees did not mention routine activities or

the overall nature of the business. The five Forest campaigners discussed the importance of seeing first-hand what logging firms are doing to the forests. They also reported gathering evidence of firms' activities in order to persuade their customers to pressure the firm to change its practices. The GMO campaign coordinator was concerned only with routine activities as they pertained to the release of GMOs. In other words, production processes were not important to him, but marketing and delivery processes were.

<div align="center">Case Study: ED</div>

Three of the eight ED interviewees (38%) indicated that routine procedures matter and may be used to assess CEP; the other five interviewees did not comment on routine procedures. One interviewee in particular noted the importance of understanding routine procedures in order to assess CEP accurately.

> The Valero refinery … in Texas City … didn't come out performing very well. They basically met with me and they said, "… We do a very unusual process at our refinery. … The number you used to normalize your information – waste per barrel refined – you thought we had far fewer barrels [than we actually did]. If you divided by a much bigger number, we look a lot better. …" And that made total sense to me.

<div align="center">Supporting Studies: WRI and UCS</div>

Only one WRI interviewee (20%) commented on routine procedures, supporting Assessment Proposition Four. One UCS interviewee (25%) also commented, indicating he could think of instances in which evaluating a company's routine procedures are not as important as evaluating its products:

> The reason to focus on the products, not the production, is because that's where the biggest environmental impact takes place when it comes to the automotive sector. … What comes out of the tailpipe matters a whole lot more than manufacturing the tailpipe. For example, when it comes to global warming emissions, over the life cycle of the whole car, the production accounts for maybe 10-15% of all of the global warming pollution associated with vehicles; the other 85-90% comes out of the tailpipe.

<u>Conclusions Regarding Routine Procedures</u>

Only twelve interviewees (36%) mentioned routine procedures; however, eleven of those (92%) indicated routine procedures are generally important components of ENGOs' assessments of CEP.

<u>Assessment Proposition Five</u>

In assessing a firm's CEP, ENGOs consider a firm's participation in environmental programs and projects.

<u>Case Study: NRDC</u>

Five NRDC interviewees (71%) either did not mention the importance of firms' environmental programs and projects or indicated that they do not consider these factors. Two interviewees (29%) noted the importance of programs and projects. One of these, who indicated he does not evaluate the CEP of firms, noted that there is a relationship between a firm's participation in environmental programs and its later environmental performance:

> One of the reasons that the better companies are better is that they are more energy efficient; and one of the reasons they are more energy efficient is they've developed programs, usually working with NGOs … that make that result happen.

The other interviewee who thought environmental programs and projects were important gave two examples.

> Then you've got other companies which aren't perfect by any stretch of the imagination, like British Petroleum, but they're out there buying up solar companies and not sitting on the technology but aggressively marketing it and getting it out there and building capacity.
> Shell is … fairly sensitive, they're promoting renewables, doing a lot of R&D in the hydrogen alternative economy. … They even have a foundation which has done a fair amount of really good work.

<u>Case Study: Greenpeace</u>

Six of the nine Greenpeace interviewees (67%) failed to mention environmental programs or projects during their interviews. The other three (33%

of Greenpeace interviewees overall; 100% of Greenpeace interviewees mentioning environmental programs and projects) supported the idea that environmental programs and projects can have positive impacts on CEP.

Case Study: ED

No Environmental Defense interviewees (0%) mentioned environmental programs or projects.

Supporting Studies: WRI and UCS

Only one WRI interviewee (20%) mentioned environmental programs or projects; he supported Assessment Proposition Five. No UCS interviewees (0%) mentioned environmental programs or projects.

Conclusions Regarding Firms' Pariticipation in Environmental Programs and Projects

With just six of thirty-three interviewees mentioning them, environmental programs and projects do not seem to factor heavily into ENGOs' evaluation of CEP. I would hypothesize that this is because 1) many ENGOs consider programs temporary and are looking for long-term behavioral changes and performance improvements, and 2) ENGOs would wait to evaluate the outcomes of projects rather than considering them prior to their implementation.

Assessment Proposition Six

In assessing a firm's CEP, ENGOs consider a firm's environmental policies and principles.

Case Study: NRDC

Only two NRDC interviewees (28%) mentioned policies and principles, despite my introducing that as a possible topic in most interviews. One of these interviewees noted that policies are important inasmuch as they will have long-run impacts on other components of CEP:

One of the reasons that the better companies are better is that they are more energy efficient; and one of the reasons they are more energy efficient is they've developed programs, usually working with NGOs, and they've implemented policies at the state and regional level, and to some extent the national level, that make that result happen. Since they've been good guys, at least relative good guys within their industry for practically 25 years, you would expect it to show at some level or other in the statistics.

Case Study: Greenpeace

Only three Greenpeace interviewees (33%) mentioned policies and principles. Two of the three (67%) believed they have some importance for establishing good CEP, yet both had reservations about this.

If you have a policy, that's great; but then if you don't have anybody to enforce that policy, it doesn't work.

I think purely voluntary standards [and policies] are probably not worth the paper they're written on. Self-generated voluntary standards.

The third of the three interviewees mentioning policies and principles (33%) did not believe they were important for CEP assessment or for establishing good CEP.

Case Study: ED

Three ED interviewees (38%) mentioned policies and principles. One of these three interviewees clearly felt the absence of a company-wide policy for large, geographically dispersed firms could lead to abuses at the local level. A second interviewee seemed to believe changing routine procedures was more important than changing corporate policies. A third interviewee did not make any attempts to change overall corporate policy, instead focusing on the direct impacts her work has on measurable CEP.

Supporting Studies: WRI and UCS

Two WRI interviewees (40%) indicated they believe corporate policies can have an important impact on CEP, as did one UCS interviewee (25%); other interviewees did not mention policies and principles during their interviews.

Conclusions Regarding the Importance of Policies and Principles in Firms' CEP

Environmental policies and principles were mentioned by just 30% of interviewees, with four of those (40% of those mentioning, 12% of interviewees overall) either feeling ambivalent or negatively about the effect of policies and principles on CEP. It appears that they do not seem to factor heavily into ENGOs' evaluations of CEP. Again, I would hypothesize that this is because ENGOs believe actions are more important than words; thus, they are trying to determine whether or not companies are "walking the talk."

Assessment Proposition Seven

> **In assessing a firm's CEP, ENGOs consider the firm's underlying philosophy regarding the natural environment – the beliefs and values of the leadership, management, and workers, embodied in the culture of the organization and demonstrated through their actions.**

Case Study: NRDC

Although the NRDC interviewee who works on energy policy clearly stated that she does not assess firms' environmental performance, she also acknowledged that she does have positive or negative feelings about particular firms, based solely on their willingness to work with her toward promulgating progressive governmental policies regarding the natural environment. This may be interpreted as an assessment of the firm's culture, in that she seems to be seeking some indication of the firm's values.

> There are lots of companies who make environmentally sound products, or some part of their business is environmentally preferable to others, who don't do anything or aren't interested or are even obstacles in

> the policy arena. And then there are companies, like I work with a lot of electric utilities, and a lot of them have a lot of nuclear power plants that are horrible for the environment, but they're some of my greatest allies, because there are things in the policy arena that they are convinced are really good for them or could possibly result in a competitive advantage for them down the road, that they're willing to put some political capital on the table to move an environmental agenda.

Five other interviewees (a total of six, or 86% of all NRDC interviewees) also made comments about the importance they place on auxiliary activities of the firm which have indirect but ultimately substantial impacts on the natural environment; a popular example was lobbying, mentioned by all six of these interviewees.

Case Study: Greenpeace

During their interviews, seven of the nine Greenpeace staff members (78%) mentioned various concepts important to determining CEP which could be construed as providing evidence of corporate culture. Lobbying activity was one example, but others included duplicity and intransigence.

> Lobbying is another thing that a corporate campaign has to look at. A lot of times, a company will talk about how they are in favor of this environmental improvement or that environmental improvement, but when you actually look at what they're doing, it turns out they're out they're lobbying against laws to do the things they claim they're in favor of.

> They're so far head and shoulders above anybody else in terms of their absolute recalcitrance, duplicity, double-dealing, misleading the public, their shareholders, and spending hundreds or tens of millions of dollars anyway doing it, that it's hard to compare them with anyone else.

> [The example company] was more intransigent. … [We] felt we needed to concentrate our efforts on the worst of the worst. [The example company were the worst] because they were definitely not open to any dialog. … So it was a mix of ecological concerns, along with the perceived intransigence of the company.

Case Study: ED

Four of the eight ED interviewees (50%) either mentioned aspects of corporate activities which could be construed as providing evidence of culture or

mentioned culture outright as being important for determining CEP; all comments supported Assessment Proposition Seven.

> We want to work with companies … where we think that … there's some opportunity for culture change in the company.

Supporting Studies: WRI and UCS

Three of the five WRI interviewees (60%) and three of the four UCS interviewees (75%) commented on the importance of considering corporate actions which could be construed as providing evidence of corporate values regarding the natural environment.

Conclusions Regarding ENGO's Assessment of Corporate Culture and CEP

Twenty-three interviewees (70%) who mentioned culture or persistent activities which could be construed as providing evidence of corporate culture (such as lobbying or intransigence); all of them (100%) supported the idea that understanding corporate culture is important for assessing the CEP of a firm. Even those interviewees who claimed not to assess CEP noted that their impressions of and attitudes toward companies were materially impacted by indicators of cultural values and beliefs.

Targeting Propositions

A table indicating those instances in which interviewees commented on specific Targeting Propositions is included as Figure VI-2 on page 262.

Targeting Proposition One

> **The denser the relationships among a firm's stakeholders, the better able those stakeholders are to monitor the firm and share information about the firm, and the more likely those stakeholders are to target the firm collectively.**

Case Study: NRDC

Although interviewees at other ENGOs mentioned working in coalition with NRDC, only one NRDC interviewee (14%) – the one participating in several lawsuits brought by the Justice Department and other NGOs against several prominent power-generation companies – mentioned working and sharing information with representatives of other NGOs.

> The AEP case came to us through government, through the EPA and Justice Department and other environmental groups.

Case Study: Greenpeace

Seven of the nine Greenpeace interviewees (78%) mentioned working with other groups, including NGOs, community groups, governmental organizations, development organizations, consumer organizations, and others. In addition to helping the involved groups plan activities more effectively, it also permitted them to share information which could be used for targeting. Two interviewees described their multi-faceted alliances:

> We commission some of the [scientific writing] to scientists, … so we really have the scientific evidence. … There has been in this [collaboration with other NGOs] as well. … Then we've been working with development organizations. … And we've been working with consumer organizations. …
>
> We didn't have a formal coalition of groups. We had five different groups. … And when we started to work on the campaign together, [we] realized that we each had very different strengths. … So the coalition began working together … with a very strong understanding that each of us would be playing different roles and that we had to play off each other's strengths.

Case Study: ED

Six of the eight ED interviewees (75%) mentioned working with or sharing information with other ENGOs, providing good support for Targeting Proposition One. One interviewee commented on informal relationships among ENGOs working in the same general field:

> There are about five NGOs that have corporate partnerships on climate change. … There's a lot of overlap. … So my management here has insisted that when we come forward with new companies [as potential targets], that we do some kind of heads-up to the NGO community.

<u>Supporting Studies: WRI and UCS</u>

Only one of the interviewees from WRI (20%) commented on sharing information with other NGOs and other stakeholder groups.

The interviewees from UCS were the most forthcoming about their participation in coalitions and the importance of sharing information with other ENGOs in order to determine effective targets. All four of them (100%) made comments in support of Targeting Proposition One.

> [There's] an effort to reach out to the medical community and bring the medical folks and the scientific community and the enviros and consumers all into one big coalition that will work on antibiotic problem.

> I am actually going to New York on Thursday to meet with the Interfaith [Center for] Corporate Responsibility. … They often need technical help from environmental groups to make sure that they have their facts right and are focusing on the right issues. … They're going through the process now of trying to figure out who they're going to take on in the coming season.

<u>Conclusions Regarding Stakeholder Sharing of Information
and Targeting Decisions</u>

Good support for this Targeting Proposition One was obtained from Greenpeace, Environmental Defense, and Union of Concerned Scientists. The other two ENGOs studied – NRDC and WRI – were my pilot studies, the first ENGOs with which I conducted interviews. During most of these interviews, I was focusing most of the interview time on understanding assessment, and I did not ask questions specifically about coalitions until the last few interviews with NRDC and WRI. This may have skewed the data from the pilot study ENGOs.

<u>Targeting Proposition Two</u>

The larger the firm, the more likely ENGOs will target the firm.

<u>Case Study: NRDC</u>

Three NRDC interviewees (43%) mentioned the size of the firms targeted, all three providing support for the notion that larger firms are more likely to be targeted.

> Mostly [we targeted this company] as the worst violator, which is related to the fact that they're large; so they have lots of opportunities to violate.

Nevertheless, one of the three interviewees also noted that NRDC was willing to work with smaller companies on certain occasions.

> [The target company] wasn't a big player [in this market], … but they were willing to be proactive. … So you do [work with smaller companies], but only if you're going to do something that's really progressive.

<u>Case Study: Greenpeace</u>

Seven of the nine Greenpeace interviewees (78%) mentioned the importance of firm size in making targeting decisions. One interviewee noted that, while some companies are more likely to be targets because of factors associated with their size, Greenpeace is not hesitant to target smaller firms in particular situations.

> Dupont was a company where you could look at it in an overall sense and say, "This is a company that has contributed to at least two of the worst environmental and public health problems caused by modern industry: the lead contamination from lead additive; and ozone depletion from CFCs." So you could trace big portions of these huge problems to this one company.
> Dupont was chosen – [but] they weren't the *only* ones chosen. … We campaigned against the expansion of a Rollins incinerator. … It was a national company, but only waste disposal – not like Dupont, which is one of the biggest companies in the world.

<u>Case Study: ED</u>

Five of the eight ED interviewees (63%) commented on size as a factor in targeting. For example,

> If a company like UPS, a big customer of these packaging companies, says, "We want a better product," … that speaks very loudly. … It's the power of corporate purchasing.

Interestingly, three interviewees (60% of those mentioning size) indicated that they had undertaken projects with firms in spite of the small size of the companies involved. One example arose from the Great Printers Project:

> We took some time to pick the industrial sector that we would use to demonstrate the importance of this. … One typical print shop is eleven employees. … But in the aggregate, it was the number three industrial employer in the region. …
> There are 40,000 printers in the country; 10,000 is how many we thought would be in the region. … We had the 10,000 doors problem, which is how do you really have a widespread impact on an industry? It's not like convincing the Big Three of something, right? It's a highly fragmented industry.

<u>Supporting Studies: WRI and UCS</u>

None of the WRI interviewees (0%) mentioned size as an important factor in targeting companies. Only one UCS interviewee (25%) mentioned size, supporting Targeting Proposition Two.

<u>Conclusions Regarding Firm Size and Targeting Decisions</u>

Sixteen interviewees (48%) mentioned firm size, with 14 of them (88%) agreeing that firm size is normally a factor in targeting, and three of them (19%) noting that they had undertaken projects with firms in spite of their small size.

<u>Targeting Proposition Three</u>

> **The closer the firm is to consumers in the supply chain, the more likely ENGOs will target the firm.**

Case Study: NRDC

Only one NRDC interviewee (14%) – the one involved with the Energy Star program – mentioned consumers and the supply chain. His comments seem to indicate that it is important to include in the program all elements in the supply chain, not simply those closest to the consumer.

> Each link in the chain must be addressed, as distributors and retailers must understand the benefits of the products so they will buy them from manufacturers and so they will tell customers about those benefits, thereby encouraging customers to purchase these products. In this way, manufacturers benefit via up-front monetary receipts as well as from sales of the product. … Distributors and retailers are trained in marketing Energy Star products, and end-user customers are familiar with the label as a result of Energy Star publicity campaigns.[25]

Virtually none of the other interviewees discussed consumer products companies (although power generation companies could be considered providers of consumer products / services).

Case Study: Greenpeace

Eight of the nine Greenpeace interviewees (89%) indicated the importance of involving the consumer in actions directed at changing corporate behaviors regarding the natural environment. While the actual target of campaigns may be a company at some distance from the consumer, going to the consumer enables pressure to be applied throughout the supply chain, eventually getting to the targeted company.

> Any company that's not next to the public chain often don't feel vulnerable and don't feel it's necessary. They will be in turn impacted by those big companies [closer to the public] that have signed up, because the supply chain will run through [to] them.

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[25] This is not a quote from the interviewee, but rather a paraphrasing of the interviewee's comments; a tape recorder malfunction prevented the collection of exact quotes from this interviewee.

> Through the markets, through this consumer choice, you get that pressure through the public consumers and through the corporate consumers.
>
> [To get to the manufacturers of GMOs] is a lengthy market chain. So the impact you want to have in this case is first on food producers and the food retailers. That's the first point of entry into the market chain. And this is where … consumers in general can have an impact.

Case Study: ED

One ED interviewee (13%) discussed the Clean Car Pledge, which consumers can take, promising to consider environmental impacts in their next automobile purchase. Otherwise, no ED interviewees mentioned the place of the consumer in the supply chain and how they could potentially impact targeted companies. Only three interviewees discussed companies likely to be well-known to consumers: these included overnight delivery companies (UPS, Fed Ex), catalogue companies (Norm Thompson Outfitters), fast-food companies (McDonald's), and automobile manufacturers (General Motors, Ford).

Supporting Studies: WRI and UCS

No WRI interviewees (0%) mentioned the place of the consumer in the supply chain and how they could potentially impact targeted companies. None of the companies discussed by name during the interviews were consumer products companies.

One UCS interviewee (25%) discussed the use of coordinated "fax attacks" by consumers to encourage companies to reconsider their positions. Almost all the companies that were mentioned during the interviews with UCS were consumer products companies: for example, automobile manufacturers (Ford, Honda, Toyota) and restaurant chains (TGI Friday's).

<u>Conclusions Regarding the Firm's Position in the Supply Chain</u>
<u>and Targeting Decisions</u>

The closeness of target firms to consumers does not seem to be an important element in targeting decisions for most of the ENGOs studied. One interviewee at NRDC had helped organize a consumer boycott of a company, while another works on the Energy Star program; one interviewee at ED discussed consumers' taking the Clean Car Pledge; one interviewee at UCS commented on "fax attacks." Otherwise, no interviewees mentioned ever having employed consumers in their efforts. Greenpeace was the lone exception here, frequently and effectively using consumers to get to targeted companies, including those far up the supply chain.

<u>Targeting Proposition Four</u>

> **The more well-known the firm's brands are, the more likely ENGOs will target the firm.**

<u>Case Study: NRDC</u>

Again, of the NRDC interviewees, only the Energy Star program participant (14%) could be said to have discussed branded products; while this interviewee did not explicitly state that industries are targeted because their products are branded, this seems to be an inherent part of the Energy Star program.

<u>Case Study: Greenpeace</u>

Five Greenpeace interviewees (56%) indicated that branded products were more likely to be targeted. This seems to be closely related to using consumer boycotts in efforts to influence companies to change their behaviors.

> In the case of Scott, the biggest brand product in the UK at that point was something called Andrex. It's the highest brand product in the UK in that market. … They've got a little Labrador puppy running around the house with a piece of toilet roll. Everybody knows what it is. They were very vulnerable on that level.

> The brand name recognition of this cute, vulnerable [Andrex] puppy is significant. And I know that they felt that if they didn't move and that image was tainted, … then that would be a very negative mark on their reputation in the UK.

> If you happen to … hear that this rainforest is being turned into toilet paper that you buy, then you're able to express your concern directly to the Scott Papers and Kimberly Clarks of the world.

However, even brands aimed at companies further up the supply chain would seem to be significant: the GMO campaigner mentioned targeting Roundup Ready soybeans, which were developed by Monsanto and sold to farmers.

Case Study: ED

Only one ED interviewee (13%) explicitly mentioned name/brand recognition as one potentially important aspect in targeting companies:

> The Fed Ex truck is an icon. It's recognizable to everybody everywhere in the world.

During two other interviews (bringing the total to three of eight or 38% of ED interviewees), other brand-name companies were discussed, including automobile manufacturers such as Ford and GM, overnight delivery services such as UPS, fast food producers such as McDonald's,

Supporting Studies: WRI and UCS

One WRI interviewee (20%) mentioned brand names as being potentially important for targeting companies, referring to Coca-Cola and Nike as examples. One UCS interviewee (25%) noted that the ENGO had conducted one project involving a noticeably branded product: the Ford Explorer, which he described as "the best-selling SUV in America." All three other UCS interviewees – bringing the total to 100% of UCS interviewees – also discussed branded products during our interviews, including automobile manufacturers, oil companies (branded gasolines), and poultry products.

<u>Conclusions Regarding Brand Names and Targeting Decisions</u>

Firms selling products to consumers seem to be, for the most part, a large subset of firms selling branded products. Thus, I would expect significant correlation between Targeting Propositions Three and Four. However, most ENGOs mentioning brand names and consumer products companies did not intend to use consumers to influence firms to change their behaviors; and those ENGOs who did intend to use consumers to influence firms to change their behaviors were not always targeting companies close to the consumer. Thus, I draw two conclusions. First, brand names and closeness to consumers are not necessarily important considerations for targeting decisions. And second, coincidental correlations between brand names, closeness to consumers, and targeting decisions may occur; these are likely to be due to brand name recognition tending to be stronger for larger firms (Targeting Proposition Two) and consumer products companies tending to be large (Targeting Proposition Two).

<u>Targeting Proposition Five</u>

> **The more previous interactions between the firm and a particular ENGO, the more likely that ENGO will target the firm.**

<u>Case Study: NRDC</u>

Four NRDC interviewees (57%) mentioned previous interactions with firms; all supported the notion that previous interactions have an influence on the ENGO's targeting decisions.

> We have the best contacts with industry and government to make a lot of progress here [with electric utility companies] … so this is where we focus our energy.
>
> In the power sector, every chairman or CEO, we know him, and subsequently we can call him and ask him to sit down with us.
>
> General Electric, from an environmental standpoint, is one of the worst companies in the country. … They have problems all over the country. I have never gone anywhere looking for trouble and not come

across them. … If I saw a case against GE, I might be a little bit more inclined to bring it, because I think that as a corporation they have shown utter disdain for the environment.

Case Study: Greenpeace

Only two Greenpeace interviewees (22%) mentioned having interacted with firm representatives prior to targeting a firm. In one case, as soon as they knew Greenpeace was involved, they agreed to change their behavior. In the other case, the interviewee has a long history of interacting with companies in the oil industry; while his strong impressions of these companies may indicate a predisposition to target particular ones, there was no indication that this would play a major role in his targeting decisions.

Case Study: ED

Five ED interviewees (63%) mentioned having had interactions with industry or firm representatives prior to targeting the firm. In all cases, interviewees were seeking companies with which to form partnerships. All interviewees (100%) supported the idea that these previous interactions influenced targeting decisions.

If you meet somebody at a company who has a vision or has an interest [in] and a curiosity [about] how this stuff works and is really willing to have a conversation with you about it, that's a good place to start. It's also great if you have some personal contacts with a company to exploit.

Supporting Studies: WRI and UCS

Two interviewees at WRI (20%) indicated that, in the case of particular firms, previous interactions increased the likelihood of targeting those firms; in both cases, interviewees were referring to firms with which the ENGO formed a partnership.

Two interviewees at UCS (50%) noted that partnerships had resulted from previous contacts with firm representatives.

> When we started … this relationship with Ford – talking about SUVs and fuel economy – one of the places that I really urged us to think about is areas in the policy world where we could find easy common ground.

On the other hand, both of these same interviewees noted that previous contacts with a particular firm had led to adversarial relationships with the firm.

> In GM's case, they've frankly been an awful, awful partner. … They are the most aggressive, most taciturn of the auto companies when it comes to any environmental improvements.

Conclusions Regarding Previous Interactions and Targeting Decisions

Previous interactions with a company seem to play the largest role targeting decisions when the ENGO is looking for companies in order to form partnerships rather than when the ENGO is planning to approach companies as adversaries. This is even the case when previous interactions have convinced an ENGO <u>not</u> to form a partnership with a particular firm.

Targeting Proposition Six

> **The greater the certainty among ENGOs that the firm is the source of an environmental impact, the more likely ENGOs are to target the firm.**

Case Study: NRDC

Three NRDC interviewees (43%) mentioned having conducted research to determine the sources of environmental impacts. In all three cases, the research was the "Benchmarking Air Emissions" report, and in all three cases, it was used to target either a particular company or the entire power generation industry.

One other interviewee (bringing the total to 57%) – the one working with the Energy Star program – also depends on research to assure the environmental performance of particular products manufactured by particular firms. In this case, the Energy Star program is seeking to identify products that are <u>lesser</u> sources of environmental impacts, so the 'targeting' is positive – the Energy Star program

encourages consumers to purchase appliances and other items that meet the program's environmental specifications.

Case Study: Greenpeace

Seven Greenpeace interviewees (78%) mentioned the importance of conducting research in order to be certain that a particular company or a particular facility is responsible for negative environmental consequences.

> You need … to actually expose the situation, to expose what exactly is going on, the pictures of clear-cut logging. … [To collect information about what a company's doing,] you watch them. You watch them from the field to the consumer. You watch where their products go. You might watch where there vans go. You might watch where their stuff goes in the port. …
>
> You have quite detailed research in the beginning so that you have really some cases where you can illustrate the general problem. In this case, we gathered quite a lot of intelligence about the situation in British Columbia.

Case Study: ED

All eight ED interviewees (100%) mentioned having participated in projects based on carefully conducted research to assure that the company or industry being targeted was the source of the environmental impact.

> [The company's impacts on the environment] is one of the initial calculations when we're trying to pick what issue areas we want to look at and what industries we want to look at and then what companies.

Supporting Studies: WRI and UCS

Only one WRI interviewee (25%) indicated that the ENGO's decision to 'target' a company had been assisted by information verifying that the company was the source of an environmental impact. All four UCS interviewees (100%) made comments that indicated that UCS's targeting of companies or industries is largely based on the certainty that the company or industry is the source of an environmental impact.

> The bedrock of everything we do is sound science: solid, sound, peer reviewed, rigorous, absolute premium on accuracy. … So the starting place almost always is research and analysis.
>
> We are also very committed to basing all our positions on good science. … We focus all of our efforts on demonstrating what those risks are and … [doing] something about them.

Conclusions Regarding Source Certainty and Targeting Decisions

A significant majority (73%) of interviewees emphasized the importance of having accurate information about a firm or an industry prior to attempting to effect change in that firm's or industry's behavior. Research ranged from compilation of publicly available information provided to governmental bodies by firms to physical tracking of corporate activities.

Targeting Proposition Seven

The more consequential the firm's actions are to the natural environment, the more likely ENGOs are to target the firm.

Case Study: NRDC

Three NRDC interviewees (43%)[26] commented on the extreme consequences that particular firms' or industries' behavior were having on the natural environment; in each case, the interviewees indicated that the magnitude of these consequences was an important factor in deciding to target particular firms or industries.

> The electric industry is responsible for 2/3 of the SO_2, that's acid rain. So if you address the air pollution from electric generation, you've addressed acid rain, that's 2/3 of the problem. And then it's a little bit over a third for NOx, which is smog, for mercury, which poisons lakes and rivers, and for carbon dioxide, the main greenhouse gas. So you can get 30% of all those problems just by this one industry. So, from an environmental perspective, you want to get the biggest bang for your hour of time invested, [and] the energy industry is the biggest ticket item.

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[26] Likely, a fourth interviewee commented on this as well, but tape recorder malfunctions made much of his interview impossible to transcribe.

> This particular aspect of the Clean Air Act, … there was a growing sense that it was just being completely flouted by industry, … and that the consequences were so huge in terms of human health and everything else. I mean, these coal-fired power plants, one of the reasons we target them is they're responsible for a disproportionate amount of pollution.

Case Study: Greenpeace

All nine Greenpeace interviewees (100%) commented on the magnitude of the consequences of the environmental behaviors they are attempting to quash. This was clearly a primary reason behind their targeting of firms and industries.

> We just looked for where would the GMOs go in the products. Soybeans go everywhere. They are in 60% of your processed foods. … This is a completely new technology which interferes with DNA. … It's not like chemical contamination that has a half-lifetime: it has doubling rates. So the potential environmental impact is so enormous.

> The large scale clear cuts of ancient timber rainforests … is not a forest management which is adapted to nature. … Only about 1/5 of all the larger rainforest valleys on the west coast of Canada is still intact. The rest is at least already partially or sometimes totally degraded already. … Logging is only one threat to the global forests, even though its arguably one of the biggest. Especially in the northern forests, it's really the dominant problem. In the tropics, it [logging] has a very important door-opening effect on other destructive forces.

Case Study: ED

Seven ED interviewees (88%) indicated that the environmental consequences associated with certain behaviors were important components of the decision to target particular firms or industries.

> We decided that diesel trucks is an area where we want to do a project, both because we know that diesel emissions are a significant environmental impact

> We would want to be working with the companies on projects that are significant environmentally, where we think that we can really have a real environmental impact from the project itself.

<u>Supporting Studies: WRI and UCS</u>

Two of the WRI interviewees hinted that the environmental consequences of a firm's behavior would make them want the firm to change that behavior, but their comments were inconclusive regarding actually <u>targeting</u> of a firm.

All four UCS interviewees (100%) were convincingly focused on the magnitude of the consequences as a principal component of the decision to target particular firms or industries.

> We have to make the case that the emissions from their operations are X; that those emissions of methane or NOx or SOx or carbon are prominent global warming gases; that those are harmful. … You've got to make the case that this company is contributing to that and that it's harming human health, it's harming the environment, etc.

<u>Conclusions Regarding the Magnitude of the Consequences</u>
<u>of Firms' Environmental Behaviors and Targeting Decisions</u>

The magnitude of the consequences associated with a firm's behavior toward the natural environment was obviously critical in making targeting decisions, mentioned by 73% of interviewees. Three particular environmental impacts – biodiversity, climate change, and human health effects (including toxicity) – seemed to be most concerning to ENGO staff members, likely because of the perceived urgency of addressing them: urgency is perceived as a component of the magnitude of the consequences of behavior.

<u>Targeting Proposition Eight</u>

> **ENGOs target corporations which are influential in their organizational fields because they expect mimetic isomorphism to be a factor.**

<u>Case Study: NRDC</u>

Only two NRDC interviewees (25%) indicated that a firm's influence in its organizational field was a primary reason it had been targeted; however, in both cases, the interviewees also noted that these targeted firms were also large firms

– it was unclear whether they saw any distinction between size and influence. Other NRDC interviewees did not comment on influence.

Case Study: Greenpeace

Three Greenpeace interviewees (33%) noted that the influence a firm could have on its organization field was a major reason for targeting it. Just as was the case with the NRDC interviewees, however, it was not clear that these interviewees saw a distinction between size and influence.

Case Study: ED

Five ED interviewees (63%) commented that the firm's potential influence on its organizational field was a contributing factor to the targeting decision. In one of these cases, it was absolutely clear that influence and size were not correlated:

> Like most of our projects, we had a list of companies that we were sort of, "If we can get anybody on this list, we'll be happy." And we'd go talk to them usually in order of bigness, size, and try to see who we can interest in the project out of this list. … Norm Thompson wasn't as big as typically we would want for a partner. They had other things going for them, though, that have been really useful. Their president is very influential on the board of the Direct Marketing Association, and therefore has access to the rest of the catalog industry and influence with the rest of the catalog industry.

Supporting Studies: WRI and UCS

None of the WRI interviewees (0%) and none of the UCS interviewees (0%) mentioned influence as an important factor in targeting decisions.

Conclusions Regarding Firms' Influence on their Organizational Fields and the Targeting Decisions of ENGOs

Although there is some support for this proposition, only 10 of 33 interviewees (30%) mentioned the concept of influence as an important factor in targeting decisions. In only one of those cases (10% of those mentioning influence and 3%

of total interviewees) was it clear that the interviewee distinguished between size and influence.

<u>Targeting Proposition Nine</u>

> **An interrelationship exists among an ENGO's certainty that a particular firm is the source of particular environmental impacts, the ENGO's perspective of the magnitude of the consequences of particular environmental impacts, and the ENGO's assessment of the particular firm's CEP.**

None of the interviewees made comments directly related to Targeting Proposition Nine. Researchers will likely need to study this proposition via more quantitative methods, perhaps simply seeking correlations among the three components.

Influencing Propositions

Frooman (1999) – the basis for Influencing Propositions One, Two, Three, and Four – would lead us to believe that ENGOs are typically in a low interdependence relationship with companies they wish to influence; per Influencing Propositions Three and Four, they would therefore seek to develop alliances with individuals or groups having either stakeholder power or high interdependence relationships with the target companies. However, as I began to analyze the interview data pertaining to the Influencing Propositions, I realized that the interviewee's perception of the power-dependence relationship between the ENGO and the target firm (or multiple firms within a target industry) was rarely clear. In a related vein, alliances were not always developed with individuals or groups enjoying stakeholder power or high interdependence relationships with the target firms or industries; the development of alliances did not always appear to be an effort to gain additional power. For this reason, I decided to address interviewees' comments on Influencing Propositions One, Two, Three, and Four all at once. Further, because Greenpeace seemed to have a different perspective on relationships with firms than the other four ENGOs, the

analysis of the Greenpeace interviews will be presented <u>after</u> those of NRDC, ED, WRI, and UCS (instead of in the order followed for addressing the Assessment and Targeting Propositions).

<u>Influencing Proposition One</u>

Stakeholders having a <u>stakeholder power</u> relationship with a firm will influence the firm to change by withholding the resources over which they have control and which the firm wishes to possess.

<u>Influencing Proposition Two</u>

Stakeholders having a <u>high interdependence</u> relationship with a firm will influence the firm to change by negotiating with the firm about the terms of the agreement to exchange valuable resources.

<u>Influencing Proposition Three</u>

Stakeholders having a <u>firm power</u> or a <u>low interdependence</u> relationship with a firm will seek an ally to influence the firm.

<u>Influencing Proposition Four</u>

When allying with other stakeholders, preferred allies will be those with a <u>stakeholder power</u> relationship with the firm, followed by those with a <u>high interdependence</u> relationship with the firm.

<p align="center"><u>Case Study: NRDC</u></p>

Although all seven NRDC interviewees discussed various tactics used by the ENGO to encourage firms to change their behaviors toward the natural environment, none were clear about their perceptions, NRDC's perception, or the firm's perception of the power-dependence balance in the ENGO-firm relationship. Thus, the correlation between the power-dependence relationship and the influence strategy chosen was not clear. On the other hand, some of the interviewees' comments regarding these strategies provide a sense of their views on the ENGO-firm relationship and the strategies that NRDC can and should pursue.

NRDC's Lobbying Alliances

One interviewee forms lobbying alliances with electric utility companies. Based on her comments, one could infer that NRDC is in a low interdependence relationship with many electric utility companies whose behavior it would like to change. On the other hand, in order to force these firms to change, NRDC forms alliances with other electric utility companies which apparently perceive themselves as having a high interdependence relationship with NRDC: as a result of working together, NRDC and the utility companies develop regulations that legislators are more likely to pass because of its broad-based support and its consideration of multiple perspectives on the issues. Here are some comments from this interviewee:

> Very little is going to change in the environment unless we change the way companies behave. And you can either change them by creating new laws, or [by] suing them and forcing them to change, or you can change by negotiating with them and helping them find ways that are actually better for them as a corporation. ...
> Say [electric utility companies] thought [some sort of regulation] was definitely going to happen. [They'd say], "Let's negotiate something that's better for us than what we might get if we just fight and are not participating in the development of the tools and the rules." ...
> I work [on lobbying initiatives] with a lot of electric utilities. … There are things in the policy arena that they are convinced are really good for them or could possibly result in a competitive advantage for them down the road. ...
> I negotiate more with companies than with regulators or legislators, because there's no point in me going to regulators and legislators unless I have a coalition … that's broad enough that [the regulators] are going to do something.

Prior to forming a lobbying alliance, an ENGO wants a target industry regulated in order to reduce its impact on the natural environment. A group of companies in the industry – we'll call them Group B – wants to participate in the development of regulations for the industry either because a) the Group B companies see potential competitive advantages for themselves, or b) the Group B companies believe regulation is going to occur anyway, and thus they want to participate in the regulatory development to be sure the legislation is as favorable

as possible. Another group of companies in the industry – we'll call them Group A – do not want regulations passed.

Governmental bodies are more likely to pass legislation that has the support of diverse stakeholder groups. Because they need one another's cooperation in order to get legislation passed, the ENGO and Group B have a high interdependence relationship. The ENGO and Group A have a low interdependence relationship. The type of resource relationship (power-dependence) between Group B and Group A is more challenging to identify. I ruled out high interdependence because, according to Frooman, " in game theory, the high-interdependence relationship would be characterized as a two-person, non-zero-sum, explicit-bargaining game" (1999:201); as competitors, Group B and Group A companies are not in a zero-sum situation. If Group B held power over Group A, it would be able to force Group A to change without having to seek legislative assistance; at the least, it would be able to get legislation passed without having to ally with NRDC. It therefore seems reasonable to suppose that the relationship between Group A and Group B companies is one of either Group A power or low interdependence.

Since all parties to the NRDC/Group B alliance are in a low interdependence relationship with Group A companies, Influencing Propositions Three and Four would predict that the alliance would use a communication strategy to encourage a more powerful partner to pressure Group A companies to change their behavior toward the natural environment. Governmental bodies presumably have stakeholder power in their relationships with companies because of their regulatory and enforcement power, which would explain the NRDC / Group B alliance's attempts to get legislators involved in effecting industry change.

Although Influencing Proposition Four accounts for the communications strategy used by the NRDC/Group B alliance to influence legislators, it does not account for the alliance between the NRDC and Group B. It appears that both the

ENGO and Group B feel their joint coalition is a requirement for convincing the governmental body to pass their proposed legislation, which would force Group A to change its behavior.

NRDC's Participation in the Energy Star Program

The NRDC interviewee who works with the Energy Star program discussed his experiences, which provide yet another view of stakeholder-firm relationships. The following excerpts are from my interview notes:[27]

> NRDC works with DOE [U.S. Department of Energy] and EPA [Environmental Protection Agency] to determine how to test the appliances and [other items eligible for Energy Star designation] and what level to set for Energy Star qualification. Sometimes, trade associations set their "the industry can do this level" at the level of what the least efficient company can do. … [NRDC] then moves toward working with individual companies.

In this case, the ENGO again has a low interdependence relationship with companies. As predicted by Influencing Propositions Three and Four, NRDC allies itself with DOE and EPA in order to effect corporate change. Although DOE and EPA may be perceived to have power over firms in the industry, they do not in this context: the Energy Star program is voluntary and <u>not</u> a governmental mandate. This may be explained in large part by recognizing the high level of interdependence among governmental bodies and businesses: government's regulatory and enforcement power is tempered by its dependence on business for financial and political support. The voluntary nature of the Energy Star program indicates that this situation provides support for Influencing Proposition Two.

Although Influencing Propositions Three and Four explain NRDC's desire to ally with DOE and EPA, they do not explain DOE's and EPA's desire to ally with

NRDC: after all, considering their high interdependence relationship with companies, DOE and EPA do not seem to need NRDC to negotiate with companies. Further, the process of allying is not as predicted by Frooman (1999): In his description, the less powerful ally uses a communication strategy to motivate the more powerful ally to put pressure on the target firm. NRDC does not employ a communication strategy in its alliance with DOE and EPA; NRDC, DOE, and EPA appear to participate equally in the alliance.

My notes on the example of home appliance companies' involvement in Energy Star provides additional insight:

> Whirlpool and Maytag are both willing to be progressive about energy efficiency; General Electric [GE] is far more likely to <u>fight</u> progressive moves. So [Energy Star] basically ignores GE, because [the ENGO] can't do anything about [GE] anyway. [Instead, Energy Star] focuses on working with Whirlpool and Maytag. If those two start doing something, GE almost has to follow just in order to be competitive.

This would seem to contradict our conclusion that companies are willing to change because of their high interdependence with DOE and EPA. Instead, the Energy Star program alliance employs a communication strategy to influence consumers to use their purchasing power to force General Electric to change. Therefore, I conclude that two different relationships and strategies are involved. First, Maytag and Whirlpool perceive that their relationship with Energy Star is one of high interdependence and are therefore willing to negotiate with the Energy Star program. This supports Influencing Proposition Two. General Electric believes it holds the power in its relationship with Energy Star, refusing to interact with the program, as would be predicted by Influencing Proposition Three. The Energy Star program begins to educate consumers, as predicted by Influencing Proposition Four. Informed consumers hold stakeholder power over

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[27] A tape recorder malfunction prevented me from getting any direct quotes from this interviewee. However, my notes were taken immediately following the interview and are thus highly representative of the interviewee's comments.

General Electric; consumers begin to purchase Energy Star products, forcing General Electric to begin developing Energy Star products.

Conclusions about Influencing Strategies based on NRDC

NRDC feels it is in a low interdependence relationship with most target firms (i.e., those firms whose behavior it wants to change), and the ENGO therefore seeks to form alliances with other organizations to boost its power base. This seems to support Influencing Proposition Three. However, while some of the allies it chooses (such as DOE and EPA) are in positions of high interdependence with the target companies – as predicted by Influencing Proposition Four – others (such as the Group B utility companies) are not. Further, the willingness of DOE and EPA to form an apparently egalitarian alliance with NRDC (Energy Star) is unexplained by Influencing Proposition Four. Nevertheless the voluntary nature of Energy Star is in accordance with Influencing Proposition Two, given that DOE and EPA have high interdependence relationships with companies. Thus, there is support for Influencing Propositions Two and Three, but support for Influencing Proposition Four is mixed.

<u>Case Study: ED</u>

As was true for NRDC, although all eight ED interviewees discussed various tactics the ENGO used to encourage firms to change their behavior toward the natural environment, none were clear about their individual perceptions, ED's perception, or firms' perception of the power-dependence balance in the ED-firm relationship. Nevertheless, interviewees' comments provide some insight regarding ED's tactical decision making.

Cordial Partnerships: the Alliance for Environmental Innovation (AEI), the Partnership for Climate Action (PCA), and the Great Printers Project (GPP)

ED's mission is to create efficient solutions to environmental problems. In order to achieve this mission, it has elected to form friendly partnerships with companies for the purpose of helping them develop more environmentally responsible behaviors. Partnerships formed by AEI, PCA, and GPP are described in Chapter IV. AEI partnerships are formed with one particular company. PCA partnerships may be with one company or several firms within one industry. The GPP, on the other hand, was a multistakeholder dialogue in which the initial partnership was formed with an industry association (Printing Industry of America) and a governmental body (the Council of Great Lakes Governors); individual companies within that industry, as well as firms and governmental bodies interacting with companies in the industry, entered the partnership according to their level of interest and time availability. Two quotes from interviewees provide background for understanding these partnerships:

> [Printing Industries of America] feared that the types of changes that were being brought on by the Clean Air Act would bring their industry into the regulatory system in a heavy-handed way and in a way that they had little control over. So they started to see working with us as a way of taking some control over their own lives.

> It's like any kind of a good partnership: both parties need to be interested and agree that this is something they want to do.

In the case of each of these partnerships, ED has been dependent on companies and other allies for their cooperation. On the other hand, in each case, ED also brought something to the table that made the companies dependent on the ENGO: expertise. Thus, ED and its AEI, PCS, and GPP corporate partners have high interdependence relationships. As a result, although some non-firm allies are sought to make the projects more effective, no allies are needed to pressure companies for change. This is exactly as would be anticipated by Influencing Propositions Two.

Three Alliances in the Clean Car Campaign

A coalition of three national and three Great Lakes regional ENGOs developed the Clean Car Campaign in order to challenge the auto industry to produce more environmentally sound vehicles using more environmentally sound processes. An ED interviewee commented:

> Collectively, all six of those groups have worked on issues related to the auto industry or worked with the auto industry directly on various aspects of reporting, pollution prevention, cleaner production design – different projects, different aspects of the automobile industry. ... I don't think anybody's added up the number of years, but I would guess it's about 50 years of experience collectively. We ultimately got frustrated that the industry just wasn't progressing at a pace that we thought was acceptable.

Based on this comment, these ENGOs were in neither a stakeholder power or a high interdependence relationship with auto makers, as described by Frooman (1999): if they had been in a stakeholder power relationship, they could have ceased to provide the industry with whatever resource it was that the industry needed, and the industry would have complied with their demands; if they had been in a high interdependence relationship with the industry, negotiations would have likely yielded satisfactory results. Thus, I conclude that the ENGOs are in either a firm power or a low interdependence relationship with car companies. In accordance with Influencing Proposition Three, they have therefore sought alliances. However, the alliances do not support Influencing Proposition Four: none of those with whom they have allied – other ENGOs – has a stakeholder power or a high interdependence relationship with the auto manufacturers. As would be predicted by the Frooman (1999) model – the basis for Influencing Propositions One through Four – the result has been that the auto manufacturers are apparently not highly motivated to comply with the ENGO coalition's demands.

The Clean Car Pledge is an attempt to enlist the help of consumers in persuading automobile manufacturing companies to develop more

environmentally sound vehicles. Action Network, based on the list of people having taken the Clean Car Pledge, also tries to motivate consumers to fax and email decision makers at the automobile manufacturing companies to change the firms' environmental behaviors. As noted above, ED is in a low interdependence relationship with the auto manufacturers. As predicted by Influence Propositions Three and Four, ED has therefore sought allies who it perceives have stakeholder power or high interdependence relationships with the car companies: ED uses communication strategies to encourage consumers to use their power over auto manufacturers to pressure the companies to change their environmental behaviors. Auto makers have not changed their behavior, however. Two likely explanations exist for this. First, not enough consumers have voiced their demands: thus, auto makers do not feel the threat of losing a few consumers' business justifies their making significant changes. Second, consumers who have voiced their demands did not actually refuse to buy auto makers' poorly performing products; a hollow threat is worthless for effecting change. Thus, while ED may have thought consumers held a stakeholder power relationship with car companies, if this was not the case – either because not enough consumers agreed to participate or because those who participated did not believe they were truly powerful – then ED did not choose appropriate allies to effect an effective influence strategy.

ED's Clean Car Campaign has also formed alliances to address auto manufacturers' use of mercury in automobiles. Again, ED is in a low interdependence relationship with the car companies. Although the Automobile Recycling Association (ARA) recycles the products of the auto makers, there is no direct exchange between the two; ARA's relationship with the car companies is also one of low interdependence. Even though the ED and ARA's searches for allies can be explained by Influencing Proposition Three, their choice of one another as allies cannot be explained by Influencing Proposition Four. On the other hand, Influencing Proposition Four does explain both ED's and ARA's

choices of the Institute of Scrap Recycling Industries, Inc. (ISRI) as the third party to the alliance.

> The Clean Car Campaign has joined forces with the Auto Recycling Association and the scrap recycling industry to basically pressure automakers to do something about this mercury issue. … It just strengthened our hand against the auto industry. … [When] the auto recycling industry came out in support of our four-point action plan..., that kind of raised a red flag to the auto industry that, "Hey, another industry's on their side." And then when ISRI came along and said, "OK, we have our own mercury policy. Auto industry, you've got to do something about it," again another red flag went up; probably a bigger one, because obviously the steel industry's a big supplier for the automakers.

If the interviewee is correct that ISRI members supply significant quantities of steel to the automobile manufacturers, its relationship with the auto makers can be characterized as one of high interdependence. However, neither ED nor ARA needed to use a communication strategy to mobilize ISRI, as would be expected by the Frooman (1999) model. Further, ISRI's willingness to ally with ED and ARA is not explained by the model either: it already had a high interdependence relationship with the car companies, and it already knew about the mercury problem and wanted to effect changes in car company practices. Thus, while we seem to have some support for Influencing Propositions Three, we do not have support for Influencing Proposition Two, and we have mixed support for Influencing Proposition Four.

Communicating Information: Facility Rankings and Scorecard

Both the Facility Rankings project and Scorecard are attempts to provide information about the environmental impact of facilities to a variety of users, including citizens living near the facilities, local NGOs, and local community groups. As one interviewee commented,

> I work [on Scorecard] mostly with local groups, other local NGOs. … We just are aiming to provide more information to the public. And on a local level, the idea is to create some sort of a policy change that will reduce ozone levels.

While this is clearly a communication strategy as defined by Frooman (1999), it is less clear that the users of the information have stakeholder power or high interdependence relationships with the companies that own the facilities. As evidenced in the quote above, ED interviewees noted their desire to have users lobby for regulatory changes based on the information. This would be similar to the situation Frooman described in which Earth Island Institute provided information to consumers, who then used their purchasing power to put pressure on StarKist, which subsequently used its purchasing power to get fishermen to change their fishing methods. In this case, ED provides information to local residents, who then use their voting power to convince legislators to use their regulatory power to enact state or local regulations, which thus force companies to change their behavior. Alternatively, users could use the information as a preliminary basis for court cases: again, the courts have stakeholder power over the companies being sued. Both these cases – the one in which local users of ED information lobby for new regulations and the one in which local users of ED information bring court cases – provide support for Influencing Propositions Three and Four. At the least, ED hopes users will attempt to negotiate with the companies responsible; however, as stated earlier, there does not appear to be adequate reason to believe that local users of ED information are powerful enough to bring companies to the bargaining table. Thus, there is no reason to believe that the example of this alliance supports Influencing Proposition Four.

Conclusions about Influencing Strategies based on ED

ED seems to bring as much to the table as its corporate partners in AEI, PCA, and GPP; thus, these examples provide good support for Influencing Proposition Two. On other occasions, ED appears to feel it is in a low interdependence or firm power relationship with the companies it desires to influence, and it seeks allies in accordance with Influencing Proposition Three. Good support for Influencing Proposition Four is provided by cases in which ED supplies

information to the public via the Facilities Rankings and Scorecard, and users subsequently either seek regulatory changes or take facilities to court.

Other examples of ED alliances are not as clear in their support for Influencing Proposition Four, however: Some ED allies that use Facilities Ranking or Scorecard information do not appear to be in stakeholder power or high interdependence relationships with targeted firms. Another example alliance provides three reasons for calling into question several of the Influencing Propositions: ISRI did not need information from ED, nor did ED employ a communication strategy to get ISRI involved in fighting the mercury issue; ISRI's high interdependence relationship with auto makers should enable it to act without needing to ally with ED; and the Influencing Propositions do not provide any basis for ED's alliance with ARA.

Lastly, the choice of ally is crucial: Allies that do not enjoy stakeholder power or high interdependence relationships with target firms, or those who do not perceive their relationships with target firms as being those of stakeholder power or high interdependence will not influence target firms to change.

<center>Supporting Study: WRI</center>

As was true for targeting, WRI was the least likely ENGO to comment on influencing companies. WRI focuses its attention on providing information to policymakers and other interested parties rather than working directly to effect change in companies or industries. One interviewee expressed some concerns that the organization is not doing enough in this regard:

> Maybe what we need to do is start pulling a lever that puts pressure on the companies. And then we'll be in a different position to talk to them. That is, right now we're in this position that they really don't feel any pressure. Yet, if they felt pressure, maybe they'd be willing to talk to about the things we want to talk about.

<u>Supporting Study: UCS</u>

UCS: Food and Environment Program

As detailed in Chapter V, UCS participates in a coalition of ENGOs working to change antibiotic usage in farm animal production. The coalition intends to organize a consumer boycott of Bayer, because of the company's refusal to withdraw a controversial antibiotic product from the market. Presumably, the ENGOs are in a low interdependence relationship with Bayer. As predicted by Frooman (1999), they are therefore planning to use a communication strategy to encourage consumers to use their buying power to pressure Bayer to withdraw the product. This behavior on the part of the ENGO coalition is predicted by Influencing Propositions Three and Four, although the formation of the ENGO coalition itself would not be predicted by propositions derived from Frooman (1999).

UCS Food and Environmental program has participated in multistakeholder dialogues (MSDs) regarding genetically engineered crops:

> [Multistakeholder dialogues] bring together a group of leaders – ... people from industry, ... the community, ... commodity groups, ... farm interests – to talk about the general issue of regulating genetically engineered crops. And then they see if they can't, over the period of two years of meetings, create ... a set of recommendations that they would all agree on ... that would be good for us [ENGOs], good for industry. ... [Industry representatives] would not be there if they thought they could get everything they need without coming; and [ENGO representatives] wouldn't come if we didn't think there was something in it for us.

In order to work toward its mission of protecting the natural environment, UCS obviously wants to gain the support and cooperation of the other parties participating in MSDs; in return, UCS provides scientific expertise to MSDs. If this is true, UCS and its MSD corporate partners have high interdependence relationships. As a result, no allies would be needed to pressure these firms to change. This is exactly as would be anticipated by Influencing Propositions Two.

On the other hand, the UCS interviewee was rather skeptical about the outcomes of MSDs, seeming to feel that they take up a great deal of time with only minimally acceptable results from the perspective of UCS. If this is true, it would indicate that the ENGO has selected an unsuccessful strategy. In this case, if Frooman's (1999) model is correct, the strategy was unsuccessful because the ENGO misinterpreted the type of resource relationship it had with the firms involved in the MSD. That is, perhaps its relationship with MSD partner companies is actually one of firm power or low interdependence, in which case it should have employed a communication strategy to stimulate more powerful allies to pressure companies to change.

UCS: Clean Vehicle Program

UCS's "Pollution Lineup: An Environmental Ranking of Automakers" was a communication strategy designed to provide consumers with information contradictory to the automobile manufacturers' environmental advertising and public relations campaigns. UCS's hope was that consumers would then use their buying power to pressure companies to produce more environmentally sound vehicles. The ranking project appears to provide support for Influencing Propositions Three and Four, in which a low interdependence ENGO uses a communications strategy to influence a power-wielding stakeholder to pressure target firms to change.

UCS's Clean Vehicles Program has pursued lobbying alliances similar to the electric utility company alliances described by NRDC. In the beginning, ED allied with Ford because both organizations felt they had some common goals regarding regulation of the automobile manufacturing industry, and both groups believed they would be more likely to generate legislation attractive to legislators by working together than by working alone. The mutual dependence of ED and Ford is evidence that both organizations enjoyed a high interdependence

relationship; in accordance with Influencing Proposition Two, they negotiated to develop regulations which both parties could support.

Ford and ED brought into the alliance other ENGOs -- Environmental Defense, Union of Concerned Scientists, American Council for an Energy Efficient Economy, and three Great Lakes NGOs – and other car companies – Toyota and Honda. One interviewee described the motivations for forming this broad-based coalition:

> Auto companies have an interest in testing out these new hybrid vehicles. … They'd like to have a government handout to help them test out this new technology. … The environment has a real interest in having these initial vehicles be a huge success. [The auto companies], I think rightly so, were sheepish about going to Congress to just ask for a handout that would be labeled as corporate welfare. So they needed environmental cover. … And the environmental community … didn't have a winning political strategy without a major industry interest.

Such alliances would not be predicted by Influencing Proposition Four. Rather, as noted in the above quote, the purpose of these alliances seems to be to develop "a winning political strategy," which means building the coalition's legitimacy in order to better convince legislators to take their proposed legislation seriously.

Neither the ENGOs nor the car companies involved in the coalition held power over other auto manufacturers, nor were they in a high interdependence relationship with other auto manufacturers[28]; instead, either other auto manufacturers had power over them or they had low interdependence relationships with other auto manufacturers. In either case, they pursued a communication strategy, seeking to gain the support of legislators, who hold

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[28] As noted earlier, according to Frooman (1999), "in game theory, the high-interdependence relationship would be characterized as a two-person, non-zero-sum, explicit-bargaining game" (1999:201); given that the relationship between Ford and other auto makers is a zero-sum relationship, it is not a high interdependence relationship.

power over auto manufacturers. This behavior supports Influence Propositions Three and Four.

<p style="text-align:center"><u>Case Study: Greenpeace</u></p>

Two Greenpeace interviewees provided examples of times when Greenpeace holds a portion of the power in its relationships with companies, although this power may be derived indirectly.

> I've met quite a number of Japanese companies. … If you say that we know that you buy from this company, and we have this evidence, … they feel that you are in essence quite powerful.

> Governments are the ones who will set climate policy ultimately. They are tremendously influenced by the business community, but they're also influenced by NGOs.

On the other hand, one Greenpeace interviewee noted that ENGOs are often not powerful in their dealings with industry. Nevertheless, his comments indicate that the function of a campaign (by a non-powerful organization) is to find ways of applying pressure to stimulate change.

> A campaign process recognizes that the company usually holds most of the cards and has the power to make the decision. … And the goal of a campaign is not merely to have input into a decision that someone else will make, but to pressure the decision maker into making the decision that we need from an environmental point of view.

Many Greenpeace campaigners likely feel the ENGO is powerful because it has succeeded in forcing companies to change by finding ways to apply such pressure. Changes have occurred not through negotiation or partnerships (as is more typically the case with NRDC and ED interviewees), but rather through utilizing external sources of pressure. In the case of the Toxics Campaign, pressure has been applied via the courts or legislature. In the cases of the Genetic Engineering, Forests, and Climate Campaigns, pressure has been applied via the marketplace. Descriptions of each of these are provided in Chapter V.

At first glance, Greenpeace would seem to be in a position of low interdependence in its relationships with a given target company, as we have noted was the case for example situations in NRDC, ED, WRI, and UCS. Greenpeace allies with corporate customers of the target company, who are in positions of stakeholder power in their relationship with the target company. Greenpeace then exercises a communication strategy, as detailed by Frooman:

> Communication strategies are those where the stakeholder informs a potential ally about (1) a firm's behavior, (2) why the stakeholder perceives that behavior to be undesirable, and (3) what the ally ought to do. (Frooman, 1999: 198).

If the corporate customers do not stop buying from the target company, Greenpeace employs a communication strategy again, this time aimed at consumers, who are in a stakeholder power position in their relationship with the corporate customers. Faced with evidence that products they are purchasing are having a significant negative impact on the natural environment, the consumers stop buying products from the corporate customers. Corporate customers, feeling the economic pinch, then put pressure on the target company to change its behavior.

This "markets pressure" strategy has been so successful that Greenpeace interviewees reported that companies sometimes approach Greenpeace to negotiate rather than facing a Greenpeace campaign against them.

> Usually companies don't, by and large, want Greenpeace on their doorstep. They want to be seen to negotiate with us, to talk to us, to be as concerned as we are. … They don't want trouble, and they know that if they have us on their side, it's usually good for their business.

Interestingly, however, the success of "markets pressure" depends on the degree to which consumers and the media are concerned about the natural environment. In some countries, such as the U.S., succeeding with this strategy is difficult, as three interviewees mentioned:

In Europe, the head of a Greenpeace office, like Greenpeace Netherlands or Greenpeace Spain, can call up and get a meeting with the environment minister and lobby directly. We don't have that situation [in the U.S.].

[Campaigning is more difficult in the U.S.] because there are more [ENGOs]. Also, the media market is different. For example, in Germany, or in the UK, if you expose a company, … it makes national news coverage, and the companies really suffer – their reputation suffers. Greenpeace is very much respected. It's definitely trusted more than the government or than doctors even in opinion polls. So there's usually quite a fast response.

The European marketplace was easier to mobilize than the Japanese were. … [Japan] is still a much less environmentally aware audience at this point.

One particular example illustrates the reason an ENGO employing a "markets pressure" strategy might choose to ally with a company having a high interdependence relationship with the target company rather than seeking only allies in stakeholder power relationships with the target company. It occurred immediately after Greenpeace had gotten Kimberly Clark and Scott Paper to cancel its contracts with Macmillen Bloedel.

The forestry companies do not make fantastic profits. … If you can effectively knock off a couple of contracts on a company's books, you can effectively start to negotiate with these companies properly. … We basically got [News International] involved in negotiations behind the scenes with Macmillon Bloedel, because they weren't willing to cancel their contract at that point. Newspapers have less of a public image to retain than toilet roll manufacturers with a high-level brand product that people know. … [But] sometimes you need people to drop business; sometimes it's better to work with them.

Greenpeace's alliances as described above seem to fit perfectly into the Frooman (1999) model. However, Greenpeace also forms alliances with a wide variety of other organizations that the Frooman model would not predict. For example, one interviewee noted:

We commission some of the [scientific writing] to scientists. … There has been in this [collaboration with other NGOs] as well. … Then we've been working with development organizations. … And we've been working with consumer organizations. … We want to have as broad as possible a basis for putting pressure on companies and getting the word

> out. … Consumer organizations played a different role than the
> environmental organizations. So there is a complementary collaboration
> as well. We work with scientific organizations, mainly for the sake of their
> scientific competence. So we are looking for partners that contribute
> something additional usually. But also we want to have as many numbers
> as possible.

<u>Conclusions Regarding Resource Relationships and Influence Strategies</u>

Stakeholder Power Relationships. Greenpeace was the only ENGO whose
interviewees indicated that, on some occasions, Greenpeace had been able to
influence firms to change without having to enlist the support of allies. This would
indicate that Greenpeace held stakeholder power over these firms. In the section
of Chapter II addressing Neo-Institutional Theory, I noted that several
researchers had suggested that stakeholders such as activist organizations could
exert coercive pressure on firms via their control over firm legitimacy. Here, we
have some evidence that this can occur.

If the firm does not recognize the ENGO's power, the ENGO must take action
to convince the firm of its power. Interestingly, the ENGO's only option for doing
this is to implement a communication strategy to encourage allies to pressure the
firm. Considering that this action is what Frooman (1999) indicated ENGOs in
positions of firm power or low interdependence would do, we are unable to fully
support the idea that ENGOs ever have power over firms: we can only be certain
that ENGOs have power over firms if the <u>firms</u> believe the ENGOs have power
and act correspondingly. If firms do not believe ENGOs have power, ENGOs
must act as we would expect relatively powerless ENGOs to act in order to <u>prove</u>
they have power. And then we are left asking whether the ENGOs actually have
power or if all the power lies in the hands of their allies.

High Interdependence Relationships. To the interviewees, "negotiating"
typically meant creating a friendly partnership. Among the case study and
supporting study ENGOs, such partnerships manifested themselves as one of
the following: 1) Lobbying partnerships, which seek to promulgate legislation

regulating the industry in ways that are likely to yield competitive advantages for the partner companies; 2) Multi-stakeholder dialogues, which comprise a variety of stakeholders (and sometimes multiple companies) gathering to determine how a firm or industry could reduce its environmental impacts; or 3) Partnerships between the ENGO and a particular firm, which endeavor to find profitable ways for the firm to improve its environmental performance. In each situation, both the firms involved and the ENGOs involved bring something to the relationship that makes their participation valuable to the other party or parties; this is why negotiating is possible. For example, the firm brings control over its own behavior toward the natural environment, and the ENGO may bring expertise in alternative technologies.

A few interviewees commented on times when their negotiating overtures were rejected by target firms; in those instances, the ENGOs simply sought another target, rather than taking any sort of action that would indicate clearly whether their relationship with the targeted firm was truly one of high interdependence or one in which the ENGOs were powerless.

Firm Power and Low Interdependence Relationships: Enlisting Allies. When a stakeholder in a firm power or low interdependence relationship with target firms seeks allies that hold stakeholder power or have high interdependence relationships with target firms, the allies determine the success of the strategy. If the ENGO is unable to enlist the help of enough allies to pressure the target firm (e.g., enough consumers for the firm to feel a significant economic threat), or if the allies are unwilling to apply ample pressure, or if the allies do not perceive themselves as wielding power, the influence strategy will not succeed.

Lastly, allies may be sought that do not have stakeholder power or high interdependence relationships with target firms. For example, allies often provide important expertise or additional contacts. Allies' previous experience may

enable them to develop more creative solutions. Allying with other relatively weak stakeholders can boost legitimacy, which may encourage more powerful allies to join the alliance. An alliance of relatively weak stakeholders representing multiple perspectives also could convince more powerful stakeholders, such as legislators, of the desirability of the alliance's position.

Influencing Proposition Five

In order to maximize the effect of normative isomorphism, ENGOs try to influence firms by working with EHS professionals within corporations.

Case Study: NRDC

Three NRDC interviewees (43%) commented on the particular types of company employees with whom they interacted:

> [When companies are trying to] greenwash, you get the PR people, the Vice President for Government Relations, the Vice President for Public Communications. [EHS people] are not PR people, [but] they sometimes say the PR line.
>
> The government relations people are always willing to talk with us, and they're the very worst people to talk to in most cases. Since we deal with technology issues, generally the engineering managers or the product development managers would be better. It's not like we try [to talk to engineering managers] and they refuse. It's just that there isn't the network to even start the dialogue.
>
> A lot of the folks that we deal with on a day-to-day basis, mid-level managers or even the environmental folks, are true believers. And they're really trying in some cases to bring their companies along, and are good people, and are doing everything they can, but they don't always have the power within their company to do things.

NRDC's corporate contacts are often people in public relations or governmental affairs positions, despite the fact interactions would be more productive with technical employees. Some EHS professionals with which NRDC interacts simply play a public relations role. Others are genuinely concerned about their company's environmental impacts, but they do not have ample influence in their firms to effect change. All three of these NRDC interviewees noted that the most

important person to contact was the CEO, with one of them indicating he refused to talk to people lower than the CEO:

> The middle management people, from our perspective, are more or less useless. You can talk to them forever, and that's what they like to do. Historically that's what [companies] do: They assign some vice president somewhere to keep you occupied for like two years and talk to them, but nothing will get done. So we learned a long time ago that we have to talk to CEOs.

Case Study: Greenpeace

Three Greenpeace interviewees (33%) mentioned the types of company employees with whom they interacted. Sometimes, interactions were with a variety of corporate representatives, including but not exclusively EHS professionals; there was no indication that the EHS professionals had influenced the firms' ultimate positions. On other occasions, the interviewee could not be certain their contacts were EHS professionals. In only one case did the interviewee indicate that EHS professionals were especially receptive to the ENGO's suggestions; although this company did finally negotiate with Greenpeace, it is unclear whether the final outcome was due to the EHS professionals' influence or whether it was due to the company's hiring a new CEO who believed environmental protection was important.

Case Study: ED

Six ED interviewees (75%) mentioned the types of corporate representatives with whom they had interacted. In most cases, contacts included EHS professionals, although individuals from Government Affairs, Public Affairs, and Public Relations were also evident. The general impression was that EHS professionals often provided an initial point of contact, but that EHS professionals did not have the power to effect change: change requires involvement of line managers, and significant change usually required the support of the CEO or at least senior-level vice presidents. Some interviewee comments are illustrative:

The auto industry is sending their managers of environmental health and safety [to negotiate about environmental changes]. And while they all agreed to what needs to be done and ... what are the next steps, when the auto industry turns around and says, "OK, let's try implementing it," they need okay from above them. Nothing ever happens. So even though we are working fairly high up in the hierarchy on the environmental side, it's still not getting to the business side. … You can work the right people that know the information, that have access to the information you need and can influence the process, but they aren't the ultimate decision maker. And getting to the ultimate decision maker is an incredible challenge.

So in summary, I think firms do see why we're [trying to get them to change], and they see the importance, but it's at a different priority level, and it's at a different macroscopic level. I think it's environmental health and safety primarily.

We try to find connections so that we can get to the highest level possible in the company, and the CEO is always preferred.

We won't do a project with a company unless there's a commitment at – depending on the size of the company – at least the senior VP level or the CEO level.

Supporting Studies: WRI and UCS

One WRI interviewee (20%) mentioned the types of company employees with whom they interact. The interviewee indicated that EHS employees often do not have the power to influence corporate policy, because they often do not have influence with the CEO:

You have to be sure that whoever you're talking to has the ear of the person who can make the decisions, who basically has the ear of the CEO, who's trusted by the CEO.

On most cases, EHS professionals were involved, as well as policy professionals in government affairs and employees involved in key business operations (e.g., engineers, scientists). Little credit was given to EHS professionals for influencing change decisions, with most credit for decision making going to line managers, with the CEO being the ultimate decision maker..

<u>Conclusions Regarding Contacts with EHS Professionals</u>

EHS professionals rarely influence corporate decisions to change. Sometimes, EHS professionals actually stand in the way of such decisions, acting as though they were public relations employees. Other times, they are genuinely interested in helping create change, but they lack the power to influence key decision makers. Thus, there is little support for the idea that EHS professionals are important contacts for ENGOs to make in order to effect change in firms. Instead, it appears that most ENGOs recognize the importance of gaining the support of the CEO or, in larger companies, a senior-level vice president.

Summary of Proposition Results and Additional Findings

Beyond their comments directly related to the 21 propositions above, my interviewees provided further insight into assessment, targeting, and influencing. Some interviewees' comments can be integrated with the Proposition findings, while other comments are less closely related to specific Propositions. This section provides the basis for the grounded theory I will develop in the next section.

Additional Findings and Comments Regarding Assessment

<u>Assessment Propositions</u>

Empirical data collected during this dissertation provided some level of support for all seven Assessment Propositions; however, Assessment Propositions One, Three, and Seven clearly garnered more broad-based support than Assessment Propositions Four, Five, and Six, and Assessment Proposition Two had virtually no support (3% of interviewees). These results can be summed up by noting that firms' postures and results speak loudly to ENGOs: Firm-produced reports are suspect at best; routine procedures and processes, principles and policies, programs and projects mean little; instead, interviewees

prefer to focus their assessment efforts on quantitative data and cultural indicators. A more thorough review of interviewees' comments provides a more detailed picture of ENGO's perspectives on assessing firms environmentally.

General Comments on Assessment

Assessment on a company-wide basis was rare among ENGO interviewees, and several noted that such evaluations would be difficult at best. Interviewees also noted that making a company-wide evaluation public could be perceived as tantamount to voicing approval for one company over others, thus facilitating greenwashing.

Nevertheless, ENGOs do conduct formal assessments of environmental performance on occasion: A primary motivation for this is to provide information to other stakeholders. For example, UCS's goal in producing "Pollution Lineup" was to provide information to consumers and shareholders so that they could make more informed purchase and investment decisions. Similarly, ED's "Facility Rankings" are designed to help communities identify corporate facilities whose environmental impacts could be concerning to local citizens. Although ED's Scorecard does not actually evaluate particular facilities, it does provide information on particular facilities so that users can conduct their own evaluations. NRDC's "Benchmarking Air Emissions" took this idea one step further, formatting publicly available information in a way that essentially ranked companies, thereby implying evaluation; the report has been used to provide information to courts, legislators, and other interested parties.

Information Sources for Assessment

Interviewees were generally positive when I raised the idea of corporate self-reporting of environmental performance, believing that a firm could benefit from increased management awareness induced by having to measure the firm's environmental impacts. Further, customers and shareholders could make more

informed decisions if privy to information about a firm's actions toward and impacts on the natural environment. None of the interviewees failed to mention drawbacks to relying on self-reports, however, with many suggesting that such reports should, at a minimum, be audited by an independent party in order to validate their contents. As was noted in the section on Assessment Proposition Two, only one of the 33 interviewees indicated he had used CEP reports as a source of information for assessment.

Many interviewees commented that their personal experiences and interactions with companies, their expertise in the industry, and continual perusal of data on companies in the industry enabled them to assess particular companies almost instantly, without having to gather additional information specifically for that purpose. Other interviewees noted that, in the event they needed to assess a particular firm, they would read articles on the industry and companies in the industry, consider publicly available data and information (such as that discussed in Wokutch, 1982), request additional information from the particular companies in question, and depend on hearsay or anecdotal information from others in the ENGO community. Lastly, a few interviewees (especially those from Greenpeace) reported relying on information derived from informants and from reconnaissance activity.

<u>Most Important Assessment Considerations</u>

When asked to reflect on assessing the CEP of firms in their entirety, ENGOs' most important considerations comprised the following:

- The nature of the business (i.e., the industry);

- The ultimate impact of current activities on the most important environmental issues, especially biodiversity, climate change, and public health;

- The willingness of a company to hold an open and honest dialogue with ENGOs and other stakeholders;

- The responsiveness of the firm to stakeholder concerns; and

- The consistency of resource investment and activities (including lobbying) with corporate declarations.

Regarding the twin issues of responsiveness and willingness to dialogue, interviewees also noted that stonewalling is not typically an effective tactic for firms to adopt: there are always companies that will not stonewall; those companies will work with stakeholders to gain benefits for themselves to the detriment of stonewalling firms. Nevertheless, ENGOs maintain contact with even the most intransigent companies for two primary reasons:

- Intransigent companies may modify their positions some day; and

- Intransigent companies may collaborate on less important issues, which could help build a more trusting relationship and lead to more significant collaborations in the future.[29]

Additional Findings and Comments Regarding Targeting

<u>Proposition Findings</u>

Virtually every interviewee comment on one of the targeting propositions – 115 out of 128, or 90% – provided support; only three comments contradicted a proposition, while the rest neither clearly supported nor clearly contradicted the proposition on which they were commenting.

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[29] One additional notable discovery was made in the course of conducting the Greenpeace interviews: International ENGOs have begun to consider the U.S. as being as intransigent as ExxonMobil (the company most often mentioned in concert with the term "intransigent"). As a result, international ENGOs have significantly reduced their presence in the U.S., preferring to focus their efforts on countries whose citizens are more interested in environmental responsibility.

WRI was the least likely ENGO to comment on targeting companies; it seems that WRI focuses its effort on analyzing data and providing information to policymakers rather than on working with or against companies or industries to make specific changes.

In sum, the best support was found for the propositions that firms are more likely to be targeted when ENGOs are certain that the firm is the source of the environmental impact (Targeting Proposition Six) and when the magnitude of the environmental consequences is significant (Targeting Proposition Seven). There was also good support for the notion that information sharing among stakeholders leads to targeting (Targeting Proposition One), as well as that being large (Targeting Proposition Two) and/or influential in its organizational field (Targeting Proposition Eight) makes a firm more likely to be targeted. Previous interactions with the firm or its representatives (Targeting Proposition Five) were good predictors of targeting, but only when the ENGO was looking for firms with which to form partnerships. The notions that the closeness of a firm to consumers in the supply chain (Targeting Proposition Three) and the branding of its products (Targeting Proposition Four) were good predictors of targeting appear to be interrelated; these propositions earned the most support in those instances in which the ENGO intended to use the consumer marketplace as a vehicle for pressuring the firm to change its behavior.

Proposition Interrelationships and Interpretations

A firm's size (Targeting Proposition Two) and the magnitude of the consequences of a firm's environmental impact (Targeting Proposition Seven) may be interrelated. The interrelationship would be particularly significant when the firm's environmental impact is deemed more important than its influence over other firms: large firms generally have more opportunities to have more negative environmental impacts than smaller firms.

A firm's size (Targeting Proposition Two) and its influence in its organizational field (Targeting Proposition Eight) may also be interrelated: I believe size is identified as a factor in targeting decisions because of the ENGO's desire to influence the organizational field, rather than size and influence being separate aspects of targeting. Considering the propositions in this way – with size being just one factor that enables a firm to be influential in its organizational field – would account for the fact that smaller, innovative, influential firms are often targeted, such as Norm Thompson Outfitters (targeted by ED) and Allegheny Power (targeted by NRDC).

Interviewees' comments related to Targeting Proposition Eight also indicate that ENGOs count on mimetic isomorphism occurring for rational reasons: More than one interviewee noted that market leaders are targeted because some competitors, seeing the leaders' success, identify ways in which they themselves can reap competitive advantages over those competitors who choose not to emulate the leader. Further, influence on the organizational field is not restricted to influence on competitors: on several occasions, interviewees indicated that firms were targeted because of their ability to influence suppliers.

Lastly, regarding Targeting Propositions Three (regarding the closeness of the firm to consumers in the supply chain) and Four (regarding the firm's production of branded products), the same interviewees who supported one of these propositions also supported the other in many instances. One firm was mentioned whose branded products are not sold to consumers (Monsanto), so it is possible that branding is a predictor of targeting regardless of closeness to the consumer. However, it is not as clear that closeness to the consumer is a predictor of targeting when branding does not also exist: no interviewees discussed targeting firms that sell directly to consumers but do not sell branded products.

Additional Findings Regarding Targeting

Beyond the Propositions, a few additional results regarding targeting were identified. Perhaps the most significant finding was that ENGOs determine target <u>issues</u> before taking any actions at all. ENGOs tend to focus on issues perceived as being the most threatening to the health of humans, other organisms, and the Earth itself. The issues most commonly targeted by the ENGOs studied in this dissertation were

- Energy (energy efficiency; fossil fuels; alternative fuels);

- Climate change (can be related to fossil fuels; may include air pollution);

- Biodiversity;

- Deforestation (related to both climate change and biodiversity);

- Toxics / public health;

- Genetic engineering / protection of the food supply; and

- Oceans / fisheries.

If appropriate, ENGOs then target <u>industries</u> based on their impacts on the target issues. After industry targets are determined, and if it is deemed appropriate, ENGOs identify particular target <u>firms</u>.

A second additional finding – supplementing Targeting Proposition One – was that, in order to generate feedback on potential target companies, ENGOs often announce, internally and sometimes also to other ENGOs, which companies they are preparing to target. This enables more informed decision making by the ENGO, as well as confirmation that others will support their targeting choices.

A third finding is that there are actually three types of targeting. The term "targeting" engenders visions of potentially violent activity; in the context of actions taken by mainstream ENGOs, <u>adversarial targeting</u> means attempting to force a company to change without enlisting its cooperation. An example of this is Greenpeace's targeting of Macmillen Bloedel because of its logging practices in the British Columbian rainforest. Interviewee comments indicated that adversarial targeting largely depended on three characteristics of potential target firms:

- Having a significant current and potential impact on the natural environment,

- Being able to influence its competitors and suppliers, and

- Having a hostile or disaffected posture toward the natural environment and toward its stakeholders (especially, but not solely, ENGOs).

The first of these characteristics is generally determined as a result of assessment and is mostly addressed by Assessment Propositions Three and Four, as well as by Targeting Propositions Six and Seven; the second characteristic is clearly related to Targeting Propositions Eight and potentially Two; the third characteristic seems to be most closely related to Assessment Proposition Seven.

The other two forms of targeting are much more cooperative in nature. <u>Alliances</u> are formed with companies for the purpose of effecting change in other firms. Interviewees' comments indicated that corporate allies are typically chosen after the influence tactics are determined. An example of this type of targeting is NRDC's lobbying alliances: the ENGO decided to lobby for utility industry regulations first; it then recognized it needed corporate partners – both to help write the regulations and to encourage legislators to pass the regulations – in order to assure the success of this effort. Another example is the corporate

alliances formed by Greenpeace to influence Macmillen Bloedel: the ENGO decided to use a markets pressure campaign and then identified potential allies, such as News International, that could threaten to cancel their contracts if MacBloe did not change its behavior. Interviewees indicated that assessment of the potential ally's CEP is not required. Depending on the influence tactics selected and the corresponding strategic requirements, ENGOs select corporate allies based on the potential ally's possession of one or more of the following characteristics:

- Pursuing goals and interests congruent with those of the ENGO,

- Having contacts or a relationship with the ENGO,

- Possessing necessary expertise,

- Being able to influence legislators or other firms in their organizational field, and

- Being open to new, creative ideas.

The second of these characteristics is addressed by Targeting Proposition Five; the fourth characteristic is partially addressed by Targeting Proposition Eight (and potentially Two). The first, third, and fifth characteristics were not clearly addressed by any of the Propositions developed earlier in this dissertation.

The third type of targeting is the formation of <u>partnerships</u> for the purpose of effecting cooperative change in the partner companies. As is true of alliances, partnerships are typically formed after the ENGO has determined the influence tactics to be employed. An example of this type of targeting is the ED partnerships with Federal Express, UPS, and Norm Thompson Outfitters. A second example is the Great Printers Project spearheaded by ED. Partner firms

are typically chosen based on their possession of several of the following
characteristics:

- Having a significant impact on the natural environment,

- Being able to influence competitors and suppliers,

- Pursuing goals and interests congruent with those of the ENGO,

- Having contacts or a relationship with the ENGO,

- Having a proactive and benevolent posture toward the natural
  environment and ENGOs, and

- Being open to new, creative ideas.

The first of these characteristics is generally determined as a result of
assessment and is mostly addressed by Assessment Propositions Three and
Four, as well as by Targeting Propositions Six and Seven; the second
characteristic is clearly related to Targeting Propositions Eight and potentially
Two; the fourth characteristic is related to Assessment Proposition Five; and the
fifth characteristic is addressed by Assessment Proposition Seven.
Characteristics three and six were not clearly addressed by any of the
Propositions developed earlier in this dissertation.

Additional Findings and Comments Regarding Influencing

Proposition Findings

Greenpeace was the only ENGO whose representatives reported holding
stakeholder power on some occasions and thereby being able to induce firms to
alter their behavior. However, Greenpeace's ability to effect corporate change
without seeking alliances depended on the target firms' belief that Greenpeace
was powerful. When target firms did not believe Greenpeace was powerful, the

ENGO had to pursue influence strategies consistent with those pursued by relatively powerless ENGOs: Greenpeace formed alliances with stakeholder groups that had a direct exchange relationship with the target firm (e.g., customers) and encouraged them to withhold the valuable resource the firm wanted (e.g., purchasing dollars) until the firm changed its behavior.

Three primary types of negotiating relationships were described by interviewees: Lobbying partnerships, multi-stakeholder dialogues, and partnerships between the ENGO and a particular firm. Consistent with Influencing Proposition Two, these relationships are sought when the ENGO feels it is in a high interdependence relationship with the target firm(s). However, negotiation influence strategies are successful only if the ENGO is actually in a high interdependence situation. If not, the ENGO must form alliances with more powerful stakeholders.

Alternatively, and not mentioned in the Frooman (1999) model, less powerful stakeholders can form alliances with other less powerful stakeholders; if they attract enough committed stakeholders to the alliance, the resultant coalition may have power in its relationship with the firm. For example, at least one interviewee mentioned the success that a particular ENGO alliance – consisting of Rainforest Action Network (RAN), Student Environmental Action Coalition, American Lands Alliance, Natural Resources Defense Council, and several others – had in convincing U.S. Do-It-Yourself home improvement retailers to stop purchasing from companies logging in ancient forests. According to a RAN press release,[30] "RAN staged high-profile demonstrations at company headquarters, … worked with major institutional shareholders, fought Home Depot expansion plans at local city council meetings, coordinated a hard-hitting national ad campaign, and organized demonstrations at several hundred Home Depot across the U.S. and

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[30] August 26, 1999.

Canada, as well as in Chile." Apparently some combination of these actions and the specter of so many environmental groups aligned against the company convinced Home Depot to change its behavior.

ENGOs in firm power or low interdependence relationships with target firms do tend to select allies to aid them in their attempts to influence firms to change. A less powerful ENGO's choice of allies is crucial for the success of an indirect influence strategy. Often, the allies selected are those which the ENGO perceives as having stakeholder power or high interdependence in its relationship with target firms. However, if the allies are not committed enough, or if they are not powerful enough, or if they do not perceive themselves as powerful enough, they will not effect change in the target firm. For example, consumers must believe that their boycott of a firm's products will induce the firm to change, or they will fail to join the boycott. On the other hand, less powerful ENGOs may choose to ally with other less powerful stakeholders. These allies may provide important expertise or contacts, or their numbers and perspectives may build the coalition's legitimacy in the eyes of more powerful stakeholders and even in the eyes of target firms.

Finally, EHS professionals may facilitate contacts with key firm decision makers, but they also may prevent ENGOs from making key contacts within the firm. Further, while some EHS professionals may have similar perspectives on environmental change to those of ENGOs, they rarely have substantial influence with decision makers. Instead, most ENGOs feel that rather than focusing efforts on EHS departments, gaining support of the firm's CEO is crucial for effecting change.

Comments Regarding Frooman's (1999) Model

Influencing Propositions One through Four were based on Frooman's (1999) model of resource relationships and influence strategies. Frooman characterized

ENGOs and firms as being in low interdependence relationships; the results of this research indicate that this is not always the case. As noted, Greenpeace was able to effect corporate change without needing to form alliances, which suggests Greenpeace may actually be in stakeholder power relationships with some firms. Although Frooman might argue that the Greenpeace example indicates a failure on the part of the firm to recognize its own power, I believe it is more indicative of a failure on the part of Frooman to recognize Greenpeace's power outside the U.S.; and I propose that Frooman's characterization of the relationship between an NGO and a firm as one of low interdependence is likely due to his American perspective.

Even if we ignore the Greenpeace example, however, numerous examples came up during the interviews of situations in which ENGOs and firms created partnerships, implying a high interdependence relationship rather than a low interdependence relationship. Given that these partnerships often achieve the goals of both parties, one would be hard-pressed to label them as non-rational.

A second objection to Frooman's model is its implication that effective alliances are those formed with parties having stakeholder power or high interdependence, because of their ability to adopt withholding or usage strategies to coerce the target firm to change. As discussed in the section on targeting above, alliances are formed for a variety of reasons, and desirable allies are not necessarily limited to those being in stakeholder power or high interdependence relationships with targeted firms.

Another shortcoming of Frooman's model has to do with one of its most appealing features: its parsimony. Although the interviews I conducted with ENGO representatives provided substantial support for Frooman's model, I also concluded that the model's simplicity does not permit it to fully address ENGOs' strategic and tactical decision making, nor does it provide an adequately deep understanding of ENGO's perspectives and priorities. For example, interviewees

frequently mentioned the need for their ENGOs to have multiple "tools in the toolbox": they suggested that using more than one influence tactic at a time could provide greater leverage and facilitate success. In a similar vein, the notion of using both "the carrot and the stick" was also a recurring theme in interviews: ENGOs need to be able to have ways of rewarding good firm behavior and punishing bad firm behavior, even when they may be occurring in the same firm at the same time. The Frooman model does not account for the use of multiple tactics simultaneously – some appearing to be withholding strategies, others usage strategies, some direct, and others indirect.

Finally, the Frooman model does not address some of the reasons behind the selection of particular influence tactics. According to interviewees, ENGOs choose to lobby regulators when

- Lobbying provides greater "bang for the buck" than tactical alternatives,

- The ENGO wishes to ensure that changes are relatively permanent,

- The ENGO is unable to identify ways to glean economic benefits for firms without governmental involvement,

- The ENGO has previous lobbying experience, and

- The ENGO is able to identify potential corporate allies or believes it can build a powerful and influential multilateral coalition.

ENGOs' choices among non-lobbying tactics depend on

- The "bang for the buck" of the alternatives,

- The ENGO's previous experience with the alternatives,

- Opportunities to employ specific tactics,

- The image the ENGO wants to portray,

- The ENGO's ability to communicate effectively with potential allies or partners, and

- The types, number, and influential abilities of various potential allies.

As noted above, these complexities of ENGO tactical decision making are new theoretical contributions not contained in the Frooman model.

One of the observations mentioned in the above two bulleted lists deserves particular emphasis, because of its ubiquity throughout the interviews: Interviewees commented on their ENGO's limited resources and its consequent need to plan carefully, get the most "bang for the buck," strive for efficiency, and use alliances.

Grounded Theory Development

The focus of this dissertation has been to develop grounded theory to explain how ENGOs assess corporate environmental performance, select firms to target, and choose tactics to influence firms to change their behaviors toward the natural environment. I reviewed the existing theoretical literature, from which I was able to derive 21 propositions and develop an integrated three-stage model. My interviews with 33 representatives of five ENGOs provided significant support for this model. As a result, the amount of grounded theory development required was minimal. Nevertheless, I did identify some important concepts that I believe make important contributions to the current understanding of assessment, targeting, and influencing. I have therefore developed a theoretical model – Figure VI-3 on page 263 – incorporating the existing, integrated theories and augmented by additional discoveries I made during the course of conducting this research.

Model Stage One: Issue Targeting

Because their resources are severely limited, ENGOs place an extremely high priority on efficient, effective management, which requires pursuing carefully considered strategies. ENGOs gather data and information on the numerous environmental issues on which they could focus. They then analyze the information and assess each issue, subsequently choosing a set of well-defined issue areas in which to work. Selected issues are often those perceived as being most threatening to human health, biodiversity, and the continued existence of ecosystems. Giving thoughtful consideration to its limited resources, the ENGO may develop some broad objectives regarding the changes the ENGO will generate with respect to these issues.

Model Stage Two: Industry Targeting

For some issues, the ENGO may readily determine that no particular industries or businesses are responsible for a significant enough percentage of the damage to justify the effort required to target them. In this situation, the ENGO moves on to tactic identification and does not assess the environmental performance and impacts of industries or firms.

For many issues, however, the ENGO can promptly identify one or more industries likely to have substantial impacts on the issue. At this point, the ENGO begins the process of assessment: The ENGO gathers information about the industries, commonly including both quantitative and qualitative data about the effects of the industry on the environment. The ENGO uses this information to assess those industries environmentally and then selects one or more industries to target based on those assessments. Lastly, the ENGO may set broad objectives regarding the changes the ENGO hopes to generate in the targeted industries.

Model Stage Three: Tactic Selection

Most ENGOs have experience with lobbying regulators, and frequently they will elect to lobby regardless of whether they choose to pursue other tactics simultaneously or not. Lobbying is usually selected when the ENGO wants to make permanent changes, has previous lobbying experience, and can identify potential multilateral lobbying allies. Lobbying may be selected as an exclusive tactic (not paired with other tactics) for addressing a particular industry/issue combination when tactical alternatives are not as efficient and/or when the ENGO is unable to determine ways of gleaning economic benefits for firm partners or allies without governmental involvement.

In addition to lobbying, ENGOs generally have expertise in applying a variety of influence tactics, such as: cooperative partnerships; multistakeholder dialogues; standard development or certification schemes; report production; litigation; blockading; protests; boycotts; markets pressure; advertising campaigns; and email, fax, and mail campaigns. ENGO representatives make tactical choices by weighing numerous factors, including a) the image the ENGO wants to portray, b) the previous experience the ENGO has with various potential tactics, c) the efficiency of tactical alternatives, d) the ability to communicate effectively with potential allies and partners (firm and non-firm), e) the availability of desirable allies, and f) the opportunity to use specific tactics.

Model Stage Four: Firm Targeting

In some cases, target firms are identified prior to selection of influence tactics; more commonly, firm identification follows tactic selection. Firms may be adversarial targets, allies, or partners. ENGOs select <u>adversarial targets</u> when using adversarial tactics, such as protests, boycotts, and litigation. In choosing adversarial targets, ENGOs consider:

- The firm's impact on the natural environment,

- The firm's stance toward the natural environment and toward stakeholders (including ENGOs),

- The likelihood that influencing the firm to change would result in influencing the firm's competitors and suppliers to change as well (which often, but not always, has to do with the size of the firm), and

- The firm's production of branded products (which increases the likelihood that the ENGO can involve consumers in the efforts to influence the firm).

The first two considerations require that the ENGO conduct some assessment of the potential target firm. The primary inputs to the assessment will consist of a) quantitative and qualitative measurements of environmental performance, and b) information about the firm's culture, as reflected by its actions. Depending on the goals of the influence project, assessments may be conducted for the company in its entirety, a particular facility or geographic location, a particular product, or a particular process.

ENGOs select <u>corporate partners</u> when employing tactics such as cooperative partnerships and multistakeholder dialogues. In choosing partners, ENGOs consider:

- The firm's impact on the natural environment,

- The firm's stance toward the natural environment and toward stakeholders (including ENGOs),

- The likelihood that influencing the firm to change would result in influencing the firm's competitors and suppliers to change as well (which often, but not always, has to do with the size of the firm),

- The congruency among the ENGO's and the firm's goals and interests,

- Existing contacts or an existing relationship between the ENGO and the firm, and

- The extent to which the firm is creative and open to innovative ideas.

The first two considerations require that the ENGO conduct some assessment of the potential target firm, typically restricted to the portion of the firm in which the ENGO wants to generate change but encompassing the entire firm on those occasions when the ENGO is looking for a myriad of potential ways to foster environmental performance improvements. The primary inputs to the assessment will consist of a) quantitative and qualitative measurements of environmental performance, and b) information about the firm's culture, as reflected by its actions.

ENGOs select <u>corporate allies</u> when employing tactics such as lobbying, standard development or certification schemes, and markets pressure campaigns. In contrast to the ways ENGOs choose adversarial targets and partners, ENGOs do not typically consider the potential ally's impact on the natural environment. In choosing allies, ENGOs consider:

- The congruency among the ENGO's and the firm's goals and interests,

- Existing contacts or an existing relationship between the ENGO and the firm,

- The extent to which the firm possesses needed tactical expertise,

- The extent to which the firm is able to influence legislators or other firms in their organizational field, and

- The extent to which the firm is creative and open to innovative ideas.

Summary and Conclusion

This dissertation provided the empirical grounding for a theory of the ways in which ENGOs assess, target, and influence businesses. Using the existing literature in social movements, neo-institutional theory, stakeholder theory, and corporate social performance, I developed 21 theoretical propositions, which I incorporated into a three-stage model. I then interviewed 33 representatives of five ENGOs. The interviews provided varying levels of support for 19 of the propositions. Further, they provided insight into the processes involved in assessing, targeting, and influencing businesses, thereby enabling me to construct a new, empirically grounded, four-stage model. Additional research is needed, however: Chapter VII will address these requirements.

FIGURE VI-1
Results for Assessment Propositions

Inter-viewee Code Name	AP1: Assesses environmental performance of firms or industries	AP2: Uses corporate reports as sources of assessment information	AP3: Uses quantitative data in assessing environmental performance	AP4: Considers routine procedures in assessing environmental performance	AP5: Considers programs and projects in assessing environmental performance	AP6: Considers principles and policies in assessing environmental performance	AP7: Considers culture, as reflected by actions, in assessing environmental performance
NR#1	Y-industries	-	Y	-	-	-	Y
NR#2	N	-	O	-	Y	Y	Y
NR#3	Y	N	Y	-	-	-	-
NR#4	Y	N	Y	Y	-	-	Y
NR#5	Y-products	-	Y	-	-	-	Y
NR#6	Y-facilities	-	Y	-	Y	-	Y
NR#7	Y-products	N	Y	Y	-	O	Y
GP#1	Y-local	Y	-	Y	-	Y	Y
GP#2	Y-local	N	-	Y	-	-	Y
GP#3	Y-local	N	Y	Y	Y	N	Y
GP#4	Y-local	-	O	Y	-	-	Y
GP#5	Y-local	-	-	-	-	-	-
GP#6	Y-firms	-	-	-	Y	Y	Y
GP#7	Y-firms	-	Y	-	Y	-	Y
GP#8	Y-local	-	Y	Y	-	-	Y
GP#9	Y-local	-	-	Y	-	-	-
ED#1	Y-industries	-	Y	-	-	-	Y
ED#2	Y-facilities	N	Y	Y	-	Y	-
ED#3	Y-products	N	Y	Y	-	-	-
ED#4	Y-industries	N	Y	Y	-	O	-
ED#5	O-facilities	N	Y	-	-	-	-
ED#6	Y-industries	-	Y	-	-	N	Y
ED#7	Y-industries	-	Y	-	-	-	Y
ED#8	N	-	-	-	-	-	Y
WR#1	N	-	-	Y	Y	Y	-
WR#2	N	-	-	-	-	-	Y
WR#3	Y-firms	N	Y	-	-	-	Y
WR#4	N	N	Y	-	-	Y	Y
WR#5	Y-firms	-	-	-	-	-	-
UC#1	Y-products	-	Y	-	-	-	Y
UC#2	Y-firms	-	Y	-	-	-	Y
UC#3	firms	N	Y	N	-	Y	Y
UC#4	Y-processes	N	O	-	-	-	-
	33 comments 27 - Y 5 - N 1 - O	14 comments 1 - Y 13 - N 0 - O	24 comments 21 - Y 0 - N 3 - O	13 comments 12 - Y 1 - N 0 - O	6 comments 6 - Y 0 - N 0 - O	11 comments 7 - Y 2 - N 2 - O	23 comments 23 - Y 0 - N 0 - O

Legend: Y = Interviewee comments supported proposition
N = Interviewee comments contradicted proposition
O = Interviewee commented on proposition, but neither supported nor contradicted it
- = Interviewee did not comment on proposition

FIGURE VI-2
Results for Targeting Propositions

| Inter- viewee Code Name	TP1: **Monitoring and info sharing** among stakeholders	TP2: ENGOs more likely to target **larger firms**	TP3: ENGOs more likely to target firms that are **close to consumers**	TP4: ENGOs more likely to target firms that produce **branded products**	TP5: ENGOs more likely to target firms with which they have had **previous interactions**	TP6: ENGOs more likely to target firms when **certain the firm is the source**	TP7: ENGOs more likely to target firms when great **magnitude of consequences** great	TP8: ENGOs more likely to target firms that are **influential in their organizational field**
NR#1	-	Y	-	-	Y	Y	Y	-
NR#2	-	Y	-	-	Y	-	-	-
NR#3	-	-	-	-	Y	Y	-	Y
NR#4	-	-	-	-	-	-	Y	-
NR#5	-	-	Y	Y	-	Y	-	-
NR#6	Y	Y	-	-	Y	Y	Y	Y
NR#7	-	-	-	-	-	-	-	-
GP#1	Y	Y	Y	Y	-	Y	Y	Y
GP#2	Y	-	Y	-	O	Y	Y	-
GP#3	Y	N	Y	-	-	Y	Y	-
GP#4	Y	Y	Y	-	-	Y	Y	-
GP#5	Y	-	Y	Y	-	Y	Y	-
GP#6	-	Y	-	-	-	-	Y	Y
GP#7	-	Y	Y	Y	O	-	Y	-
GP#8	Y	Y	Y	Y	-	Y	Y	-
GP#9	Y	Y	Y	Y	-	Y	Y	Y
ED#1	Y	N	-	-	-	Y	-	-
ED#2	Y	-	-	-	-	Y	Y	-
ED#3	Y	-	Y	O	Y	Y	Y	Y
ED#4	Y	Y/N	-	-	Y	Y	Y	Y
ED#5	Y	-	-	-	-	Y	Y	-
ED#6	-	Y	-	Y	Y	Y	Y	Y
ED#7	-	Y	-	O	Y	Y	Y	Y
ED#8	Y	Y	-	-	Y	Y	Y	Y
WR#1	-	-	-	-	Y	-	-	-
WR#2	-	-	-	O	-	-	-	-
WR#3	-	-	-	-	-	O	O	-
WR#4	Y	-	-	-	Y	-	O	-
WR#5	-	-	-	-	-	-	-	-
UC#1	Y	-	Y	O	-	Y	Y	-
UC#2	Y	-	-	O	Y	Y	Y	-
UC#3	Y	Y	-	Y	Y	Y	Y	-
UC#4	Y	-	-	O	-	Y	Y	-
	19 comments	16 comments	11 comments	14 comments	15 comments	24 comments	25 comments	10 comments
	19 - Y	14 - Y	11 - Y	8 - Y	13 - Y	24 - Y	23 - Y	10 - Y
	0 - N	3 - N	0 - N	0 - N	0 - N	0 - N	0 - N	0 - N
	0 - O	0 - O	0 - O	6 - O	2 - O	0 - O	2 - O	0 - O

Legend: Y = Interviewee comments supported proposition

N = Interviewee comments contradicted proposition

O = Interviewee commented on proposition, but neither supported nor contradicted it

- = Interviewee did not comment on proposition

FIGURE VI-3
Model of ENGOs and Business: Issues, Industries, Tactics, and Targeted Firms
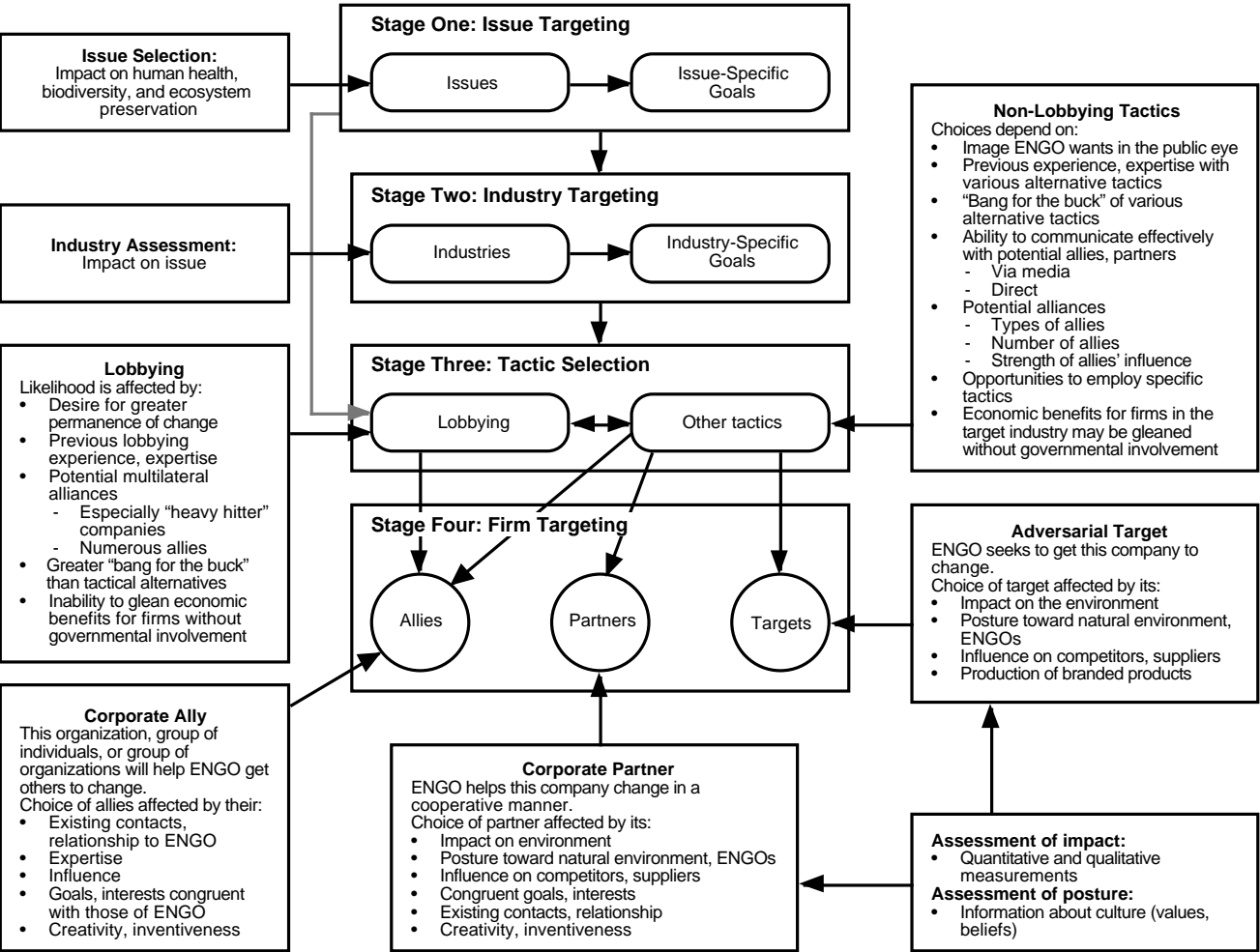
Chapter VII

Discussion and Conclusion

Introduction

In this dissertation I have sought to develop a grounded theory explaining how ENGOs assess the environmental performance of firms, select target industries and firms to change, and influence those targeted industries and firms. I developed a preliminary model based primarily on research in the fields of neo-institutional theory, stakeholder theory, and corporate social performance. The model contained 21 propositions: seven regarding assessment, nine regarding targeting, and five regarding influencing.

I conducted interviews with 33 representatives of five ENGOs: Natural Resources Defense Council (NRDC), Greenpeace, Environmental Defense (ED), World Resources Institute (WRI), and Union of Concerned Scientists (UCS). NRDC and WRI served as pilot studies. NRDC, Greenpeace, and ED were considered case studies for the purpose of drawing inferences about the propositions. Insufficient interviews were conducted at WRI and UCS to draw inferences from them; however, data from these interviews was included in the dissertation to the extent it provided additional support for the inferences drawn.

Qualitative methods were used to analyze the data. Results regarding the propositions were presented, as well as additional findings going beyond the propositions. I developed a grounded theory of how ENGOs assess, target, and influence firms based on these results.

Summary of Findings

ENGOs typically target environmental issues – such as genetically-engineered food production, toxic chemical emissions, and forest conservation – based on the effects those issue areas have on human health, biodiversity, and ecosystem preservation. Using a combination of qualitative and quantitative data, ENGOs then determine which industries to target based on which industries have the most adverse impacts with respect to those issues. Goals and objectives are set regarding both the issues and the target industries prior to taking action.

In selecting tactics to use to influence businesses, ENGOs often lobby regulators in addition to using other tactical means. Lobbying is an attractive option when: a) lobbying is likely to yield greater benefits than alternative tactics, b) the ENGO wants to find permanent solutions to the identified problem areas, c) the ENGO has previous lobbying experience, d) the ENGO is able to form beneficial alliances, e) economic benefits for firms in the target industry require governmental involvement.

Non-lobbying tactics include cooperative partnerships, report production, litigation, and boycotting, among others. Choices among tactical alternatives depend on: a) the image the ENGO wishes to maintain, b) the ENGO's previous experience with potential tactics, c) the likelihood and extent of success if a given tactic is employed, d) the ENGO's ability to communicate effectively with other stakeholders, e) the likelihood that the ENGO can form beneficial alliances, f) opportunities to use specific tactics, and g) the ENGO's ability to identify ways firms in the target industry can benefit financially from environmental performance improvements without regulatory changes being required.

After the ENGO chooses the tactics it will use, it selects particular firms to "target." Three types of "targets" were described by interviewees: corporate allies, corporate partners, and adversarial targets. Assessments of CEP are not

usually conducted for corporate allies. Instead, alliances are most likely to occur when: a) the ENGO has an existing relationship with a firm, b) the firm possesses particular expertise, c) the firm is able to influence others in its organizational field (which is more likely for large firms but is not restricted to large firms), d) the firm's goals and interests are congruent with those of the ENGO, and e) the firm is open to creative ideas.

ENGOs may assess the corporate environmental performance (CEP) of firms in order to determine industries or firms to target, but most CEP assessments are not conducted for firms in their entirety. Instead, CEP assessments are typically conducted for individual facilities or products and may be used to provide information to other stakeholders. Although ENGOs believe producing a CEP report could furnish useful information for a firm's managers, customers, and shareholders, ENGO interviewees did not rely on information in corporate-produced reports when assessing CEP. In fact, most interviewees reported that their continuous interaction with industry enables them to assess firms with little additional investigation required. Those who admitted seeking additional information generally depended on publicly available information, hearsay or anecdotal information from others in the ENGO community, or reconnaissance activity.

ENGOs assess the CEP of potential corporate partners in order to determine which firms in an industry have the most potential for making performance improvements and in order to set performance improvement goals. Qualitative and quantitative information about a firm's environmental impact and information about corporate culture were deemed most important for conducting assessments. Corporate partners are chosen based upon: a) CEP assessments, b) the firm's ability to influence others in its organizational field (which is more likely for large firms but is not restricted to large firms), c) the congruency of the

firm's goals and interests with those of the ENGO, and d) the extent to which the firm is open to creative ideas.

CEP assessments also play an important role in selecting firms for adversarial targeting. In addition, ENGOs consider the ability of the firm to influence others in its organizational field; as noted previously, this is more likely for large firms but is not restricted to large firms. Producers of branded products, which are often also producers of products sold to end-user consumers, are more prone to be chosen as adversarial targets than producers of non-branded products or producers of products further away from consumers in the supply chain.

A model incorporating the findings regarding the propositions and additional insights gleaned from interviews with ENGO representatives was provided at the end of Chapter VI as Figure VI-3 on page 263.

The present chapter discusses the implications of the findings for researchers, ENGOs, and firms; the limitations of this research; and future research directions.

Implications of the Findings

Implications for Researchers

Researchers should note that interacting with stakeholders can yield improved understanding of their concerns and motivations. Although previously existing theories provided reasonable explanations for many of my interviewee's comments regarding assessment, targeting, and influencing, additional insights that contradicted existing theory or had not been included in previously developed theories were revealed as a result of the interviews. Three examples spring to mind. First, although theory indicated that large firms were more likely to be targeted by ENGOs than small firms, interviewees provided examples of

occasions on which they had targeted smaller firms and gave reasons for this targeting activity. Second, although theory indicated that companies producing both branded products and selling to consumers were more likely to be targeted, examples were given of instances in which the targeted firm did not have either of these characteristics. And third, although resource dependence theory might indicate that the ENGO-firm relationship is one of low interdependence, there are occasions on which it appears to be a relationship of high interdependence or even stakeholder power.

Based on interviewees' comments, I concluded that the ENGO's tactical decision making depends in large part on the firm's perception of the relationship. In addition, I came to understand that decision making about influence tactics is substantially more complex than previously existing theory was able to explain. I would not likely have been able to get this level of understanding of the ENGO perspective had I not chosen to conduct interviews. Moreover, interviews enabled me to gain greater insight into the difficulties of developing a useful, meaningful survey, which will doubtless be one of the important future steps for research in this area.

Implications for ENGOs

A few important conclusions regarding targeting and influencing may be of use to ENGOs. First, targeted firms of all three kinds – adversarial targets, allies, and partners – should be selected based on the degree of influence they exert over others in their organizational fields or in government, regardless of their size. Sometimes, smaller firms may be easier to work with, in addition to being more progressive. Similarly, targeting firms that are open to innovative ideas and to acting differently from their competitors can be productive: it can demonstrate what is possible to other important stakeholders (and even competitors). Second, although alliances among ENGOs can be important for sharing information as well as for providing varied expertise, an effective coalition – one that influences

companies to change – generally includes allies (stakeholders or firms) that have power in their relationship with the target firm(s). Third, ENGOs must choose allies that not only have the power to make the target firm change, but that also believe they have such power and are inclined to use their power. Allies that either see themselves as powerless or that are unwilling to make sacrifices for the sake of pressuring firms will not be effective in changing firm behavior.

Smaller ENGOs would be wise to consider the strategic development process of large, successful ENGOs, such as those studied in this dissertation. The focus on designating specific issue areas, taking efficient actions, and building alliances as a means of succeeding in spite of limited resources was mentioned by a significant percentage of interviewees. The development of an array of expertise and use of a variety of tactics was also a common theme, as was the need to be able to offer both "carrot and stick" – praise to firms whose behavior is praiseworthy and punishment to firms whose behavior is objectionable.

Implications for Firms

Numerous aspects of the findings of this dissertation should be of interest to business decision makers. First of all, business managers may be surprised to discover that most ENGOs do not use the environmental reports of companies as sources for data and information about corporate environmental performance. Instead, ENGOs turn to other sources of company-reported data, such as EPA, Department of Energy, and state departments of natural resources and environmental protection. In addition, many interviewees suggested that their assessments of particular firms depend heavily on their own impressions of those firms, developed over many years of experience, as well as the impressions of their contacts in the ENGO community. Thus, business managers should likely be concerned about the impressions they make on ENGOs. Further, corporate managers should also be aware that some ENGOs, especially more activist

ENGOs such as Greenpeace, are not at all hesitant to collect their own data on companies, whether through informants or via reconnaissance activity.

One particular assessment finding is likely the most consequential for firm managers: The stance of a firm toward ENGOs and other stakeholders is often the primary determinant of ENGOs' assessments of that firm's performance. If the firm is open to discussion and responsive to stakeholders' concerns, the ENGO is much more likely to treat it with respect, giving it the benefit of the doubt for at least a limited period of time. On the other hand, if the firm stonewalls, refusing to speak with stakeholders, the ENGO is much more likely to assess the firm negatively, and it is subsequently much more likely to target the firm for confrontational campaign tactics.

In a similar vein, the degree to which the firm "walks its talk" is directly related to the ENGO's assessment of the firm. ENGOs tend to look more favorably on firms whose resources are invested in ways that promote long-term environmental stewardship. A primary activity identified by ENGO interviewees as being a sign of a firm's true long-term environmental posture is lobbying: "good" lobbying is that which seeks to provide incentives for businesses to protect the natural environment; "bad" lobbying is that which seeks to block such incentives or seeks to provide incentives for activities which harm the natural environment. Firms that hope to have cordial relations with ENGOs should plan their lobbying activity with this in mind.

Companies are less likely to be the target of ENGOs when they are small, do not have a great deal of influence in their organizational field, do not sell directly to consumers, and do not sell branded products. Most companies would not want to change these aspects of their businesses because these characteristics may have arisen in accordance with the firm's mission. On the other hand, the firm could change one of its characteristics that has a material impact on ENGO's targeting decisions: it could reduce its impact on the natural environment. If the

magnitude of the consequences of a firm's actions toward the environment are fairly small, all else being equal, the firm is less likely to be targeted. So companies wishing to avoid becoming targets should take action on their own to reduce their environmental impact.

Being an ENGO target is often profitable for a firm, however. Cooperative ENGO activities include lobbying coalitions, multi-stakeholder dialogues, and partnerships to improve a firm's environmental performance. In each of these situations, ENGOs are mindful that the results of the alliance must have significant financial benefits for the firm if the firm is to get involved in the first place. Time and experience have demonstrated to many ENGOs and businesses alike that environmental responsibility can yield greater profitability, typically through cost reductions but also through marketing opportunities. Because ENGOs are more likely to target companies with whom they have had previous interactions, firms may want to develop contacts with the kinds of ENGOs that use cooperative tactics because entering a cooperative alliance could improve the company's bottom line.

Limitations of the Research Methods

Despite the many important and potentially helpful findings that arose from this dissertation, there are also reasons to be concerned about the validity and generalizability of these findings because of the research methods used. Although researchers had theorized about numerous aspects of this dissertation, little empirical research had been conducted in this area. As a result, using a more quantitative research method such as survey research would have been premature: a deeper understanding of the situations faced by ENGOs in their interactions with businesses was needed prior to developing survey questions that would provide meaningful results. Thus, I chose to conduct interviews and was rewarded with rich data providing insights that could not have been

generated through most alternative methods. However, for five reasons, significant questions may be raised about the results:

1) My findings were based on case studies of only three ENGOs. Small N case studies always raise generalizability issues. (However, the inclusion of one international ENGO in the case studies tends to aid generalizability, as does the inclusion of data from two supporting study ENGOs.)

2) None of the case study ENGOs represent the radical end of the political spectrum, so generalizability may be an issue here as well: We cannot be certain that interviewees from more radical ENGOs would present similar perspectives to those expressed by these interviewees.

3) The small number of interviewees per site (between seven and nine) also raises questions about whether interviewees' comments are truly representative of their particular ENGO. This is more concerning when interviewees come from a small number of divisions (a.k.a., programs, campaigns) within the ENGO.

4) Many propositions were commented on by less than half of the interviewees. Because this reduces the sample size even more, the conclusions I have drawn about these propositions may be invalid.

5) Having only one researcher conduct the analysis also calls into question the interpretation of the data.

The last three issues can and should be addressed prior to trying to conduct further research using alternate methods. Additional interviews should be conducted at each of the three case study ENGOs, bringing the total to 12-15 interviewees per ENGO, with a particular focus on fleshing out these ENGOs' responses regarding those propositions not addressed by a majority of the ENGO case study interviewees to date. Two more researchers should be asked

to code the interview data to assure multiple perspectives on the interpretation of the data.

Future Research

After conducting the additional interviewing and analysis outlined in the above paragraph, conclusions based on the data should be sufficient to facilitate the creation of surveys designed to gain further understanding of assessment and targeting. Some of the questions that could be explored further by surveying a much larger number of subjects at a much larger number of ENGOs (thereby considerably aiding generalizability) include:

- To what extent do ENGOs evaluate CEP as an important part of targeting a particular firm or industry? What kinds of data are deemed important for evaluating CEP? What qualitative information about industries or companies is considered? What sources are used? At what levels are the data analyzed (e.g., facilities, regions, products)? What factors that show up on a CEP assessment are most likely to predict targeting activity?

- Besides CEP and closely related concepts, what other factors lead ENGOs to target particular industries or companies? <u>Why</u> are each of these factors important? For example, some factors may lead an ENGO to have a positive impression of a company or industry, wanting to work with the company to help it make productive improvements; other factors may lead the ENGO to have a negative impression of the company or industry, wanting to punish it for its behavior; still other factors may simply facilitate the ENGO's successfully influencing the company.

- Why does an ENGO choose to target an industry rather than particular companies within that industry?

In the course of gathering data for this dissertation, I serendipitously discovered that the development of strategies for influencing is considerably more complex than can be explained by a parsimonious model such as Frooman's (1999). To expand on this theoretical grounding, an ethnographic study of an ENGO that uses a broad array of influence tactics (e.g., Greenpeace) could considerably clarify the strategic reasoning behind the tactics it selects for particular situations. At the very least, substantially more qualitative research is likely to be needed before being able to design a survey adequate for answering the following questions, which arose as a result of this dissertation research:

- Does an ENGO's perception of itself as having power over companies depend on its geographic scope? In other words, to what extent do international ENGOs feel powerful? To what extent do U.S. ENGOs feel powerful? To what extent do nationally based ENGOs in other countries feel powerful?

- Are U.S. ENGOs less likely to use confrontational tactics (e.g., boycotts, protests, blockades) than international ENGOs or nationally-based ENGOs in other countries? If so, why?

- What leads an ENGO to select aggressive strategies versus less confrontational or even cooperative strategies?

- What leads an ENGO to choose lobbying activity as the primary influence tactic? What leads an ENGO to choose litigation as the primary influence tactic? When do ENGOs choose not to lobby or litigate? When do they choose to lobby or litigate in addition to other tactics?

- What leads an ENGO to decide to use a particular influence tactic or a particular combination of influence tactics (e.g., blockades and/or protests; letter-writing, emailing, or faxing campaigns; boycotts; litigation; lobbying,

including in lobbying partnerships; cooperative performance-improvement partnerships; multi-stakeholder dialogues)?

- When targeting a whole industry, rather than particular companies within an industry, two influence tactics are used primarily: lobbying and multi-stakeholder dialogue. What leads to the choice of one over the other?

Although most firms may be primarily concerned with targeting – because they hope to avoid being targeted – progressive firms will be more likely to concern themselves with assessment and influencing. Why assessment? Because ENGO assessments of a firm's CEP largely depend on the ENGO's perception of the firm's stance toward the natural environment, which the firm has a great deal of control over. And why influencing? Because progressive firms will want to understand how to work with ENGOs, being <u>positive</u> targets of ENGO actions and finding ways to become more profitable by becoming more environmentally responsible.

Closing

The research I choose to conduct is influenced by two primary concerns: 1) the (urgent) need to protect the natural environment, and 2) the need for businesses to minimize their negative impacts on stakeholders, particularly on those stakeholders who have little power. For too long, firms have felt safe abusing the natural environment for their own economic benefit. The environment could not speak for itself, and environmentalists were marginalized as "tree huggers." In this dissertation, I have endeavored to examine actions taken by environmentalists to pressure or otherwise influence businesses to change. In the process, I have spoken with ENGO representatives who have participated in activities ranging from multistakeholder dialogues to blockading ships. In my personal view, the most potent finding is that many different motivations for

ENGO action exist, and that many different ENGO actions have proven successful in effecting change.

Although there are some important limitations to the methods of this dissertation, the research has provided a substantial amount of empirical evidence in support of several theoretical propositions, as well as additional important insights into the assessment, targeting, and influencing process. Potential implications for business managers, ENGOs, and researchers abound. My hope is that this dissertation will advance the studies of tactics for assuring the protection of the natural environment and means for building more responsive, stakeholder-centered businesses.

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Reviewing:

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- Ph.D. student co-coordinator and co-representative to the graduate committee of the Department of Management at Virginia Tech – 1998-1999

OTHER UNIVERSITY SERVICE

- Advisor to the Delta Phi Chapter of *Kappa Kappa Gamma* sorority – 2002-present
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- MGMT 319: *Business Strategy and Policy* – The capstone course in management required for all graduating seniors in the Management Department. Taught six sections for a total of 140 students.

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<u>Virginia Tech</u>, Blacksburg, VA (1997-2000)

- MGT 4394: *Business Strategy and Policy* – The capstone course in management required for all graduating seniors in the College of Business. Taught ten sections for a total of 370 students.

- MGT 4334: *Ethical Leadership and Corporate Social Responsibility* (a.k.a. Business & Society, Social Issues in Management) – Required course for all management majors. Taught three sections for a total of 105 students.

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<u>National Business College</u>, Salem, VA (1995-1996)

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PROFESSIONAL EXPERIENCE

Education Systems Corporation, Roanoke, VA (1995-1996)

- Lobbied the General Assembly of Virginia in an effort to get legislation enacted regarding financial aid for college students.

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Winner's Circle Seminars, Roanoke, VA (1994-1996)

- Developed and presented motivational speeches and seminars on topics such as strategic business planning, change management, personal development, and volunteer leadership.

Deloitte & Touche, Washington, DC (1991-1992)

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