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BOOK REVIEW

Sanjay Sharma and J. Alberto Aragón-Correa (eds.), *Corporate Environmental Strategy and Comparative Advantage*, Edward Elgar Publishing, 2005, 318 p. GBP 75.00 (ISBN 1 84542 005 5)

This book contains theoretical and empirical papers about the integration of the natural environment into organizational decision-making and strategy. They were selected from the proceedings of the first workshop of the Group of Research on Organizations and Natural Environment. In almost all papers, Hart's (1995) natural resource-based view of the firm is used as a framework to examine the impact of financial performance and competitive advantage of technological change and social, ethical and environmental issues. Hart (1995) argues that organizations can build on capabilities that will help them not only develop environmental strategies of pollution prevention, clean technologies, product stewardship and sustainable development, but also achieve competitive advantage. This resource-based view resonates well with businesses and their managers to understand how to incorporate the demands of multiple stakeholders for making their operations more sustainable, while delivering shareholder value, meeting the needs of consumers and incorporating the objectives of other stakeholders such as employees and local communities. Traditionally, environmental strategy is seen as a cost to the firm as the firm needed to comply with all kinds of regulations and pollution control via end-of-pipe clean-up of wastes. Proactive environmental strategies focus on preventing pollution and problems at the source and are more likely to improve economic performance and to create comparative advantages. Especially, the link with innovation makes proactive environmental management a forceful instrument for the firm. Improvement in performance can best be achieved when new products and processes are considered and introduced.

The book consists of three parts. The first part of the book includes the chapters that focus on conceptual dimensions of the external and internal antecedents of environmental capacity building. The authors in this part discuss public policy, stakeholder engagement, managerial and organizational values, human resource practices, and the outcomes of such capabilities in terms of environmental innovation. Most chapters conclude with a research agenda. The second part of the book is empirically focused and consists of four case studies. Two case studies are about the services industry and two about the manufacturing industry. Although the direct environmental impact of the services industry might seem limited, the two studies convincingly show that environmental practices and performance is quite important in establishing comparative advantages. However, the link is rather indirect. For example, Kassinis and Soteriou, who study the European hospitality industry, find a positive relation between environmental practices and consumer satisfaction, between customer satisfaction and loyalty, and between loyalty and market performance of the firm. Furthermore, causality is a problem. For example, both Claver-Cortès et al. and Del Brio et al., who study manufacturing firms, rely on cross-sectional data when they conclude that an integrated eco-manufacturing strategy has a positive competitive outcome for the firm. This directly points at the most important weak spot of many studies in this area, namely the lack of proper and consistent dataset. This usually is due to a lack of commonly accepted or mandatory reporting standards. The third part of the book consists of four network or cluster studies which sometimes feedback on concepts used or developed of the first part of the book. Ulhøi and Madsen show how important consistent regulation is for improving corporate environmental practices in Denmark. Winn and Kirchgeorg contend that a growing number of increasingly extreme events affect the organizational structure of multinational firms, namely calling for a more outward orientation. Boons and Roome try to show that sustainable development requires sustainable firms in clusters of innovation. Lehman et al. postulate that networks of firms, public bodies and ngo's are a useful learning organization with the capacity to absorb new ideas and translate them into own needs for the participants.

In my opinion, part II of this book is the most interesting part as it proves very helpful in the discussion about how to assess environmental and social issues from a corporate perspective. In this part, notwithstanding important weaknesses in the quality of the data used and apart from some methodological issues, the authors show that there is a strong interaction between sustainable innovation and firm performance. Part I contains interesting elaborations on Hart's work, but the issue in the current academic literature is to put his notions and concepts to the test and that is missing in this part of the book. Part III is very heterogeneous as regards the quality of the papers. More rigorous selection and editing could have improved the overall value added of the book. In all, this book has a lot to offer for consultants and managers from the public sector, business and NGOs. However, its contribution to the academic debate is limited.

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REFERENCES

Hart, S.L. (1995), 'A Natural-resource Based View of the Firm', *Academy of Management Review*, 20, pp. 874–907.