

**CALL FOR PAPERS. Special issue**

**“Firms, regulatory uncertainty and the natural environment: What can we expect? What should managers do?”**

*Guest Editors:*

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**BACKGROUND**

Despite the growth of voluntary social responsibility programs, the market for virtue, as argued so persuasively by CMR editor David Vogel, is limited. In the final analysis, sustainability is a public, not a private goal. Corporations are likely to become more sustainable not just because of the voluntary activity they undertake. This puts a great burden on the world’s regulatory systems as well as on business decision makers as there are many different kinds of regulation, many different ways to regulate, and many different ways in which corporations respond to regulation. This special issue proposes to examine these issues.

- One important issue is the extent to which businesses are impeded from innovating because of lax and uncertain regulation. Regulation has a crucial effect on and plays an important role in the determination of price, factor costs, growth in demand, industry competitiveness, R&D progress, innovation, and the commercialization of new technologies. Many analysts have argued that without regulatory certainty, decision makers are unable to assess risks and opportunities and make the trade-offs necessary for investments in new technology. To the extent that this is true it has tragic consequences for without these investments businesses will not fulfill their potential in helping to alleviate major environmental problems such as global climate change and world water shortages.
- Another issue is that in different parts of the world, regulatory agencies have different capabilities. To give but one example, China, which has just surpassed the U.S. as being the world largest consumer of fossil fuel energy, has but 400 employees in its national environmental protection agency in comparison to the close to 18,000 employees who work for the U.S. EPA. To what extent is it true that corporate resistance to regulation is higher in countries where regulatory authorities are less capable of imposing their will because of weak legal systems and the rule of law? To what extent do corporate decision makers take advantage of lax regulation to avoid burdensome requirements?

Corporations respond in many different ways to regulation. Under some circumstances they transform what appear to be regulatory constraints into opportunities for gain. In responding to regulation, business leaders have choices. How business leaders manage their regulatory relationships is an important topic that deserves new consideration given the changing shape

of global regulation. In a period of less than a decade, the debate on climate change and environmental management has gained dramatically in importance. Market components are receiving much attention, but political activities and regulation continue to play a relevant role in firms' overall strategic positioning. Choices regarding environmental strategies depend on managers' perceptions regarding risks and opportunities related to environmental issues, and are highly influenced by the type of regulation in the industry and countries in which firms operate. Government policy can affect the competitive positions of firms in many ways. Firms must consider their strategic options against the background of this changing and diverse policy landscape.

However firms are facing a high level of uncertainty about multiple issues related to regulation on topics, such as the real effects of the Kyoto Protocol and the possibility of new international treaties, environmental regulation and conformity with international treaties in emergent countries (specially China, India, and Brazil), the future existence of environmental champions in domestic regulation, and the unexpected responses of governments as a result of environmental risks and accidents. This applies globally, but also within countries, where different policy makers at national and local levels often have different plans for the businesses under their jurisdiction.

## **RESEARCH QUESTIONS**

Although not inclusive, the following set of questions includes issues that could be addressed:

- Which are the likely scenarios for future regulation of climate change and environmental protection and the implications for managers and firms? And, how should managers prepare for these scenarios?
- How should managers act while waiting for more definitive regulation?
- What does regulatory uncertainty mean for corporate political positioning on environmental issues?
- Is there any safe and valuable strategy for environmental investment policy to plan for the future, keeping in mind that uncertainty might remain for a long time?
- Who will be the key drivers of the future evolution of environmental regulation? To what extent is the business community playing a role here? What should it do?
- Will governments be able to subsidize renewable energy (and the cleantech industry) in a context of economic crisis? How might the economic crisis influence environmental regulation?
- Are environmental accidents fundamentally changing environmental regulation?
- Is there a learning curve effect regarding market-based regulation, such as emissions trading? Does it make sense for firms to pro-actively take part in market-based schemes?
- How is the interaction between trade rules and climate change affecting firms' international scope of operations their production and sales?
- To what extent is regulatory uncertainty slowing down or speeding up corporate environmental innovation and/or consumer responsiveness to green issues?
- How is government procurement affecting corporate strategies for environmental issues?

**It is very important to keep in mind that CMR primarily publishes original articles that are both research based and address issues of current concern to managers.**

## **SUBMISSIONS**

To be considered for publication in this special topic forum, **the abstract of your manuscript must be received by December 1, 2010.** To do so, simply attach a copy of the Microsoft Word file to an email and send it to [AlbertoCMRone@gmail.com](mailto:AlbertoCMRone@gmail.com).

A selection of 8-10 might be invited for full submission of papers (full submission will be received by April, 2011 approx.). Full papers will be double-blind reviewed following CMR's normal review process coordinated by the guest editors. Finally, 4-6 papers might be conditionally accepted for publication. Final decisions regarding publications will be done by the CMR editor.

Format: Your title page is page 1, please number it. Under the title of your work, list authors' names, affiliations, and complete addresses, emails, and contact numbers. Your text begins on page 2. Use 12-point type Times New Roman, double-space everything, margins of an inch. Your last sections should be tables, figures, and references (if any). The text of the abstract should not ordinarily exceed 3 manuscript pages (excluding first page, tables, figures, and references). We suggest highlighting in your text why and how your paper will be appealing not only for scholars but also (and specially) for managers. Additionally, your last page should include a biographical sketch of about 60 words for each author.

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