



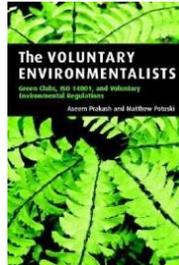
CSR International Book Review Digest

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Contents

- 1. The Voluntary Environmentalists** by Aseem Prakash and Matthew Potoski (Review by Matthew Maguire)
- 2. Embedded Sustainability** by Chris Laszlo and Nadya Zhexembayeva (Review by Jennifer Roynon)
- 3. Global Action Networks** by Steve Waddell (Review by Nazareth Seferian)

The Voluntary Environmentalists: Green Clubs, ISO 14001, and Voluntary Environmental Regulations



Author: Aseem Prakash and Matthew Potoski
Publisher: Cambridge University Press
Year: 2006
Pages: 198

In 1965, the economist Mancur Olson described the problem of collective action, whereby private actors have difficulty cooperating with each other to provide public goods (i.e. goods like clean air, which, once provided, are available for all to consume). The problem is that groups organised to produce public goods have a hard time convincing people that they should contribute. If I can benefit without becoming a member of the group (because the good will be available to everyone), why should I join? This incentive to "free ride" makes it difficult to attract a sufficient number of members to provide the good, explaining why public goods are often undersupplied. In *The Voluntary Environmentalists*, Aseem Prakash and Matthew Potoski argue that so-called "green clubs" like ISO 14001 have the potential to overcome problems of collective action by both creating reputational club benefits (to attract a sufficient membership base) and enforcing club standards (to reduce shirking).

According to Prakash and Potoski, to be successful, green clubs must impose a non-trivial membership cost as well as provide a non-trivial excludable benefit. The excludable benefit accrues only to members and represents both a private benefit that applies to individual members and a club benefit

that applies to all members. They argue that ISO 14001 is a successful green club, as it sets relatively stringent environmental standards (although not so stringent that it appeals only to top performers), enforces those standards through an international network of authorized external auditors, and generates reputational benefits associated with the ISO brand that help members as they interact with regulators, investors, and other stakeholders.

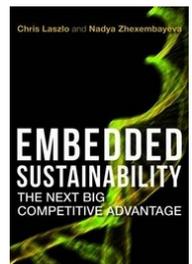
In addition to the rules, standards, and reputation of the club itself, Prakash and Potoski argue that the regulatory context in which companies operate is also critically important to the success of green clubs. In particular, they claim that green clubs are more successful where regulations are stringent (narrowing the gap between government standards and club standards) and where regulations are enforced flexibly and the risk of litigation is low (giving regulators the space to use club membership as a performance indicator).

The Voluntary Environmentalists takes Olson's original dilemma and applies it to current environmental challenges. While there is a great deal that companies can achieve on their own (both for society and themselves), added benefits that come with participation in green clubs may be an effective tool both to coordinate companies' environmental programs and to broaden appeal for more sustainable business practices. Still it remains an open question whether joining green clubs really motivates members to improve their environmental performance beyond what they would have done otherwise. Are green clubs only good at attracting green companies? If so, their impact would be quite limited. These questions, raised by Prakash and Potoski, are likely to keep researchers busy for some time to come.

Review by: Matthew Maguire, CSR International

Embedded Sustainability: The Next Big Competitive Advantage

Author: Chris Laszlo and Nadya Zhexembayeva
Publisher: Stanford Business Books
Publication Date: 2011
Pages: 288



Embedded Sustainability is a must-read for all

business practitioners. It effectively presents the case for the shift in mindset needed to move sustainability from a fringe activity to embedding it into a company's DNA. The book draws on case studies and management strategy to deliver a practical and pragmatic handbook to action.

The authors identify three distinct and interconnected trends that are creating a different market reality for companies today:

- declining resources (i.e. water, energy, food, biodiversity);
- radical transparency (i.e. increasing number of NGOs, low-cost communication, culture of connectivity);
- increasing expectations (i.e. investors, regulators, employees, customers, consumers increasingly expecting sound social and environmental performance from the marketplace).

They argue that these trends are changing the rules of the game whereby organisation's need to innovate to become more sustainable AND more profitable. It is no longer a trade-off between creating shareholder value or stakeholder value, but rather an opportunity to unify "profit, ecological, and social spheres into a single integrated value creation space". By embedding sustainability, organisations can gain a powerful competitive advantage, both domestically and internationally.

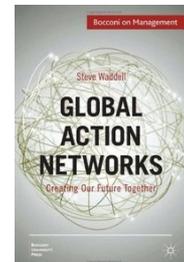
One of the defining features of this book is that it provides the reader with a multitude of practical tools, frameworks, and competencies to effectively embed sustainability in an organisation. These tools will be valuable as practitioners embark on the challenging journey of transforming corporate culture. This transformation will take time and won't be easy. In order to embed sustainability, organisations will need to pursue sustainable value versus shareholder value and transform their core business activities to offer "smarter" solutions. However, this book provides an effective starter kit to creating sustainable value that will hopefully make the process a bit less painful.

Ultimately, in today's market "the question is no longer why managers need to embed sustainability in their core business; it is about 'how' to do it." This book is an important step in that direction.

Review by: Jennifer Roynon, CSR International

Global Action Networks: Creating our Future Together

Author: Steve Waddell
Publisher: Palgrave Macmillan
Publication Date: 2011
Pages: 256



Any book subtitled 'Creating our Future Together' is obviously not shy in ambition. In his foreword, the author says that he hopes that *Global Action Networks* will work for everyone – academics, students, business people or anyone else involved in multi-stakeholder partnerships. While it is a no-brainer that collaboration is worthwhile and can resolve global issues, the book goes a step further than simply stating this fact. Over nine content-laden chapters, Steve Waddell tackles issues such as the very structure of networks, the stages of development, understanding change, the core competencies needed for success and more.

Global Action Networks is very rich in tables, diagrams and real-life examples as well as references. All this suggests that the book has indeed been written for use by academics and students. But Waddell also succeeds in keeping the language simple and even entertaining. In this sense, the book truly 'works for everyone'.

The book succeeds in demonstrating Global Action Networks in action (for lack of a better word!), dealing with complex issues like HIV/AIDS, climate change, corruption and more. Perhaps the one thing the book lacks is a set of in-depth case studies, exploring how these specific networks have formed and how they work. At the same time, having such case studies may have ended up being repetitive – Waddell has managed to communicate clearly without the need for this approach.

Global Action Networks should feature on the reading list of anyone studying partnerships.

Review by: Nazareth Seferian, CSR International

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