MULTINATIONAL CORPORATIONS AND EMISSIONS TRADING:
STRATEGIC RESPONSES TO NEW INSTITUTIONAL CONSTRAINTS

Jonatan Pinkse & Ans Kolk
University of Amsterdam Business School
The Netherlands
Roetersstraat 11
1018 WB Amsterdam
The Netherlands
E-mail: j.m.pinkse@uva.nl

ABSTRACT

Although the Kyoto Protocol intended to implement emissions trading globally, this has so far been impossible. As a result, particularly multinational corporations currently face a wide variety of emissions trading schemes that differ in scope and enforcement, thus creating divergent levels of institutional constraints across locations. This article sheds light on the implications of these new constraints for MNCs, and also explores their responses to emissions trading schemes in terms of (perceived) opportunities for helping (re)shape the institution. Findings on strategic responses of Global 500 companies expose the constraints of particularly the EU emissions trading scheme, as well as the opportunities being explored or already exploited in various ways in this scheme and other emerging ones. Based on these findings the article proposes a framework that discerns four scenarios in which MNCs can find themselves: institutional conformist, institutional evader, institutional entrepreneur and institutional arbitrageur. Findings of this paper exemplify how crucial it is for managers to be aware of the development of emissions trading schemes. Otherwise, the high pace in recent policy developments may take them by surprise.