

# **What is Driving Corporate Environmentalism: Opportunity or Threat?**

**By**

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## **ABSTRACT**

Environmental management systems (EMSs) can differ considerably in the mix of practices and the number of practices adopted by firms. This paper explores the various incentives motivating adoption of different types of practices by a sample of S&P 500 firms and provides an explanation for why firms adopt practices selectively. Observable firm characteristics, proxies for the incentives faced by firms, are used to determine the types of firms more likely to adopt certain types of practices. We find that practices, such as having an internal environmental policy, corporate environmental standards and environmental auditing are motivated more strongly by regulatory pressures, while practices such as total quality environmental management and environmental reporting are motivated more strongly by the potential for gaining competitive advantage and improving relations with stakeholders.