Does Top Management Matter in the Development of Corporate Environmental Strategies? The Case of China

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Abstract Regarding the environmental aspect of corporate social responsibility (CSR), much work still needs to be done to advance understanding of the relationship between top management characteristics and the pursuit of corporate environmental strategies. In view of this, this study empirically examines how top management can influence corporate environmental strategies and performance within a Chinese context. Based on survey responses from 303 manufacturing firms operating in the Pearl River Delta region of China and the subsequent structural equation modeling-based analysis, the study reveals that top management’s ‘environmental resources’, namely environmental values, environmental commitment and environmental knowledge positively influence the development of reactive and proactive corporate environmental strategies, and ultimately corporate performance (Figure 1). It also demonstrates that industry type positively moderates the effect of these three resource dimensions on reactive corporate environmental strategies. These findings underscore the importance for managers to shift their focus from merely legal compliance or short-term cost minimization to more long-term corporate sustainable development amidst the continued worldwide increase in environmental consciousness.

Key Words: Corporate environmental strategies; the natural-resource-based view of the firm (NRBV); upper echelons theory; stakeholders; the Pearl River Delta region