In addressing the performance differential between proactive and reactive environmental strategies, NRBV researchers often contend that firms’ proactive involvement in pollution-preventive activities can help them acquire competitively valuable capabilities other than merely remedying existing inefficiencies and wastes (Chan, 2005; Chan et al., 2012). These capabilities include firms’ continuous innovations (Marcus, 2005), enhanced corporate image (Sharma et al., 2010) and improved abilities to serve the ever-growing number of environmentally conscious customers (Connelly et al., 2011). Despite this popular view, some opposing scholars argue that the huge amount of investment involved in this strategic pursuit may outweigh the corresponding benefits, and consequently dampen corporate profitability (e.g., Walley and Whitehead, 1994). They further draw on the so-called ‘low hanging fruit principle’ to argue that while corporate efforts to prevent pollution may enable firms to enjoy initial cost savings from remedying existing inefficiencies, such savings may become increasingly difficult to realize once the more obvious inefficiencies have been fixed (Hart and Ahuja, 1996). Indeed, some of them even go further to argue that firms may achieve better performance if they take a more reactive strategic stance to deal with environmental issues. They argue so as the practice of reactive environmental strategies not only allows firms to avoid environment-related legal risks, but also enables them to avoid unnecessarily huge amount of investments in substantially modifying their existing production procedures and offerings as well as changing their prevailing corporate culture (Aragon-Correa and Rubio-Lopez, 2007).

Overall, although previous scholars have argued for the competitive superiority of pursuing either proactive environmental strategies, or to a far lesser extent, reactive environmental strategies, it is surprising to note that they have seldom incorporated both types of strategies into the same study to examine their respective impacts on corporate performance. This is probably due to the approach they have typically adopted to operationalize the two strategies, namely treating them as being represented by the two end-points of a ‘strategic proactiveness’ continuum or scale (e.g., Sharma, 2000). This approach inevitably deprives researchers of the opportunity to undertake comparative analysis of the two strategies. It also contrasts sharply with the reality that firms do engage in a wide array of environmental activities that comprise both proactive (preventive) and reactive (end-of-pipe control) measures (Klassen, 2000).

Hence, in view of the scant research attention and mix findings, this study undertakes to examine the respective impacts of proactive and reactive environmental strategies on two major aspects (i.e., environmental and financial) of corporate performance. Specifically, it has the following research objectives:
1. To identify the respective major motivational drivers for corporate proactive and reactive environmental strategies.
2. To examine the respective impacts of corporate proactive and reactive environmental strategies on various aspects (environmental, market and financial) of corporate performance.

This study focuses on investigating firms operating in China’s Pearl River Delta region (PRD) via the survey method. The region is regarded as the “world’s factory” and firms there are facing heightening pressures from their increasingly environmentally concerned overseas (mainly from developed nation) buyers to environmentalize their operations and offerings (Chan and Ma, 2016). This setting provides an appropriate setting to study the pursuit of different environmental strategies. Studying an emerging economy further rectifies the geographical bias of most prior research that focuses...
on corporate environmental practices of developed countries. Academically, this study could enrich the extant environmental management by examining the motives for and consequences of the practice of both proactive and reactive environmental strategies at the time. This could provide useful inputs to validate the NRBV and delineate the process underlying pro-environmental strategic pursuit. Practically, it could also provide useful insights for executives to better craft their pro-environmental strategies alongside with their desired performance objectives. The conceptual model guiding this empirical investigation is further depicted in Figure 1 below.

![Figure 1 The model](image)

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REFERENCES


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