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The Emergence of Trade Associations as Agents of Environmental Performance Improvement

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ABSTRACT

This paper explores a surprising phenomenon: the emergence of trade associations as agents of environmental performance improvement. Trade associations in the United States have historically fought environmental regulation, not embraced it. Trade associations are generally organized to service the needs of their members, not control their behavior. Yet, since the late 1980s, seven trade associations representing manufacturing sectors have enacted codes of practice to reign in the environmental damage caused members' operations.

Four of these codes have been developed by trade associations in the chemicals sector. The other trade associations represent oil, forestry, and textiles industries.

This paper explores why and how trade associations have assumed this policy-shaping function for their members. First, the specific factors that caused each trade association to develop its code are discussed. Second, the codes are compared in terms of three dimensions: the environmental practices they require, the techniques used to share values and practices among members, and the authority structures used to ensure compliance. A final section offers observations about the conditions under which codes will emerge and considers their implications for public policy. By seeing where and how this trade association activity is emerging, it is possible to begin to understand the limits, and the potential, of this approach as a tool for moving firms in the direction of environmental performance improvement and sustainability.