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THEORETICAL FOUNDATIONS OF THE IMPACT OF INTERNATIONAL BUSINESS DEVELOPMENT ON THE ENVIRONMENT

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Аннотация

In the wave of economic globalization, the development of various regions is more closely integrated with the world economy, the opening to the outside world is expanding and deepening. However, the extensive economic and trade growth methods have caused the economic rise to pay a high ecological price, and all regions inevitably face huge environmental pressures.

The main purpose of this article is to call on international trade participants to balance development and ecological environment while pursuing economic development, emphasizing, first, that enterprises in the process of sustainable development can obtain environmental benefits and, secondly, multinational corporations must play a leading role in preserving the ecology of the world.

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Review of research status

International trade plays an important role in today's world. However, ecological environment plays the basic role in people's daily life. In most countries, at the beginning of foreign trade development, they usually purchase the speed of improvement in industry, but sacrificing the quality of environment. The ignorance of balance in economy and environment leads to the long-term, cumulative environmental disasters.

From the existed materials, we can find at the beginning the development of international economy and trade can promote economic growth and improve people's living standards. Only when the economy improves, the environmental protection industry will develop relatively better, and there will be sufficient

funds to manually treat environmental pollution equipment. On the other hand, trade development has improved the country's economy. After people solve their livelihood problems, they will be more conducive to cultivating healthy and safe environmental awareness, which will be more conducive to the country's environmental development.

But in ordinary life, the negative impact on environment from international trade occurs in every aspects of our routine, for example, transport pollution, biological invasion, oil spill and so on. Since the 1970s, environmental problems in the industrialization process of western developed countries have become increasingly prominent, and environmental-related trade disputes have increased day by day. Trade and environmental issues have aroused people's attention.

At now time, discussions and research related to environmental issues also emerged, and trade and environmental issues also became a research focus. Researchers have studied trade and environmental issues from theories, policies, and empirical data. By the 1990s, with various theories getting better and better, trade and environmental issues have once again become the focus of research.

Most of the existing works discuss the global environmental problems and the development of international trade from different aspects, but few results have complete and concrete research based on one company. In this paper, I mainly use case analysis method. The paper attempts to discuss the development

and characteristics of global environmental problems, as well as their challenges to the international economy. It interviews an international company- Li Ning Company's annual report and combines with its practices on environmental protection. Finally, it puts forward suggestions to international enterprises on how to do the environmental protection and how to convey the procedures into their international competitiveness.

Research Actuality

In terms of Global environmental issues, some scholars from East and West countries have published many papers in this field. For example, The Globalization of World Politics: An Introduction to International Relations edited by John Baylis and Steve Smith, and The Global Agenda edited: Issues And Perspective by Charles Kegley and Jr. Eugene Wittkopf, World Politics (Fifth Edition), edited by Bruce Lassitt And Harvey Starr. Wang Yizhou's New safety mythology of the era of globalization of the international security, Cai Ta has The global problems and the contemporary international relations, shao-jun li's Introduction to international politics and so on are involved. These works illustrate the performance of the global environmental problems, characteristics, effects on human, the challenge of international politics, etc.

During my searching, I found western countries have studied the relationship between international trade development and environmental issues earlier than eastern and other countries. And western countries have more researches and deeper analysis.

Recently, with the quick improvement of economical society, there are more and more papers about researches of economy and environment.

Research status in western countries

In Jonatan Pinkse and Ans KolkThis's book, International Business and Global Climate Change, it explores how climate change affects multinational enterprises (MNEs), focusing on the challenges they face in overcoming liabilities and filling institutional voids related to the issue. Climate change is characterized by institutional failures, because there is neither an enforceable global agreement nor a market morality. Climate change is also a distinctive international business issue, as its institutional failures materialize differently in different countries. As governments are still highly involved, MNEs need to consider carefully their strategies to cope with non-market forces, including their embeddedness in multiple institutional settings. Using some illustrative examples of MNE responses to climate-related components in stimulus packages, we explore MNEs' balancing act concerning their institutional embeddedness (or lack thereof) in home, host and supranational contexts as input for further research on the dynamics of MNE activities in relation to climate change.

British author R. De Palma and V. Dobes's work An integrated approach towards sustainable entrepreneurship – Experience from the TEST project in transitional economies, use a test to analyze the efficiency of enterprises. This paper

describes the TEST approach and results by presenting: – Theoretical framework for an effective and efficient integration of the tools of preventive environmental management. – Approach, methodology and toolbox to address all levels of the enterprises. –Empirical results obtained through the implementation of the TEST in 17 enterprises of the Danube Region. The TEST approach has proved to be an effective learning process for addressing complex challenges that the companies had been facing. It helped them to improve their economic and environmental performance by integrating the bottom-up and top-down learning perspectives.

A very implied research did by DMWN Hitchens, named The Influence of Environmental Regulation on Company Competitiveness: A Review of the Literature and Some Case Study Evidence is concerned with the effect of environmental regulations on company competitiveness. There are two parts: the first provides an overview of the literature on the general question as to what is the relationship between environmental regulations and economic performance. The second reports the findings of a study of the effect of environmental regulation on the competitiveness of food processing firms across four countries and six regions in the EU. Firms located in these regions face different regulatory policies and it is argued have differing capabilities to absorb environmental compliance costs.

In A Requirements and Framework for the Sustainable Company, there are some reviews of relationship between

companies and environment. For example, a paper by Gray and Shadbegian, they use a basic study of plants in three industries in the US (pulp and paper, oil refineries and steel mills). They found a negative relationship between a plant's pollution abatement costs, i.e. the extent to which it was regulated, and productivity. The result is the heavier the pollution and regulation is, the lower the productivity is. They found it cannot induce productivity benefits large enough to outweigh the measured compliance costs by raising environmental performance in these industries. Another research studied by Barbara and McConnell finds of five heavily polluting US industries. They attempted to measure some of the positive impacts of regulation. They measured the direct effects of regulation, these are the direct pollution abatement costs, and these always have a negative productivity effect, because they add to total input costs. They also measured indirect effects, the change in inputs required to manufacture the core products of the business. This has the potential for offsets. The third study undertaken by Repetto tested the hypothesis that superior environmental performance tends to lead to lower profitability than inferior environmental performance, within a same industry. This is the standard hypothesis, better environmental performance comes at a cost, so that firms need to divert resources to reduce their emissions and must sacrifice profits. He tests this hypothesis against the Porter hypothesis, that firms motivated to find solutions to environmental problems, by regulation,

find previously overlooked cost saving opportunities to improve processes, reduce waste or redesign products. In particular he tests the form of the Porter hypothesis that firms with superior environmental performance also achieve superior profitability within their industries.

In Russian authors Anastasiia Moldavskap and Torgeir Welo's researches, they mainly talk about CSA. The paper A Holistic approach to corporate sustainability assessment: Incorporating sustainable development goals into sustainable manufacturing performance evaluation sees Corporate Sustainability Assessment (CSA) in manufacturing is a framing of tools that guide the organization toward sustainable practices and indicate how the same organization contributes to a global Sustainable Development (SD). In addition to the discussion about shortcomings of existing CSA practices, the need to incorporate UN Sustainable Development Goals (SDGs) into reporting has been advocated by the sustainability society. This paper proposes a new CSA method for manufacturing companies in which 1. sustainability is seen as a process of directed change, 2. assessment tool is designed by modeling manufacturing company using systems representation, and 3. assessment of Corporate Sustainability (CS) is context-based and linked to SDGs. The proposed CSA method takes a holistic view on Sustainable Manufacturing (SM) and CS.

Elena Balashova, Sabina Sharipova' dissertation Impact of ecosystem services on a sustainable business strategy in urban

conditions analyzes the relevance and state of the theory of ecosystem services. A solution for achieving sustainable development goals through the use of ecosystem services in industrialization is proposed. Cases of enterprises British American tobacco, Nestlé Waters, Watershed Agricultural Council, Bain & Company, McKinsey & Company, The Starbucks on the application of ecosystem services are considered. A link has been established between public-private partnerships in the provision of ecosystem services. Tendencies of development of ecosystem services in Russia and abroad are defined. Recommendations for companies that have started creating ecosystem services are presented.

Research status in eastern countries

Most Eastern countries are developing countries. For developing countries, because they lag behind the industrialization process of Western countries, many countries choose to sacrifice the environment to develop their economy vigorously in the early stages of economic development. However, in terms of historical experience, it is unreasonable to develop industry at the expense of the environment. The research on the internal relationship between international trade and the environment by scholars in Eastern countries mostly focuses on summing up Western experience and summarizing the causes of environmental degradation. There are also many studies on how to fight for their own economic interests under the basic ecological requirements of protecting the environment.

Regarding changes in the environment at different stages of trade, Wang Hualing's Research on the High Quality Development of International Trade under Ecological Environment Protection pointed out that both free trade and trade protection have had an impact on the ecological environment at different historical stages. Trade is also present in different stages of ecological environment construction. The wave of trade liberalization brought about by globalization has exacerbated the deterioration of the ecological environment. Therefore, taking the road of high-quality development of trade is an inevitable choice to promote the harmonious development of international trade and the ecological environment. Developing countries can only avoid the adverse consequences of ecological colonization by enhancing technological innovation, enhancing the level of corporate management and other means to enhance their trade competitiveness and participating in the formulation of international rules.

About causes of global environmental problems, from Looking at the emergence and resolution of global environmental problems in the "Prisoner's Dilemma", in this article, Sheng Jin uses Prisoner's Dilemma (A.W. Tucker) to analyze the important causes of global environmental problems. For the prisoner’s dilemma, Pareto’s effective strategy is not to confess. However, because the two prisoners did not trust each other, did not coordinate their actions, and shirked each other's responsibilities, things were counterproductive, and everything

was lost. Reflecting the current world, countries in order to rapidly develop their own national economy, with their own self-interest, led to today's uncooperative and polluted world.

Sheng Jin also used another example of collective irrationality that is more closely related to environmental issues – the "tragedy of the commons" (G. Hardin) as a reference. In this experiment, people can't see the whole picture. They just want to increase their herd infinitely in a limited world. Everyone pursues his own best interests and believes in his freedom on the commons. Ultimately, the freedom of the commons led to the destruction of all shepherds. In her conclusion, international business can certainly lead the irregular "economic man" to the collective order, but it is the failure and ineffectiveness of the "invisible hand" of the market that has caused mankind to fall into one difficulty after another. Every "economic man" starts from his own self-interest and works for the best interests of the individual, but the result is backfired and all losers. The deterioration of the global environment is one of them.

With game theory method, Yang Xiaoli's article Analysis of the International Dimensions of Environmental Issues and Game Theory Model analyzed the international dimensions of environmental issues. This article mainly deals with two aspects. One is the relationship between foreign trade and the environment; the other is pollution across national borders. She pointed out that the environmental pollution caused by trade and cross-border exchanges is mainly manifested in five aspects:

dependence on the environmental resources of other countries; the impact of import and export on environmental resources in production and consumption; the transboundary movement of hazardous waste; transportation has an impact on environmental resources; the expansion of international exchanges has an impact on environmental resources; international exchanges have an impact on environmental resources through changes in the production and consumption structure. She conducted an in-depth analysis on the issue of global warming and predicted that the global climate will continue to develop in the direction of warming in the next 50 years, and it will cause long-term and huge economic losses of more than 80 billion U.S. dollars.

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