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## Public Acceptance of Voluntary Corporate Sustainability Measures

### Policy implications of research

- 1** Companies can benefit from political competitive advantages by voluntarily committing to environmental protection. Policy-makers should consider this when designing policies – for example, in sectoral agreements.
- 2** Policy-makers should leverage public support to push for robust monitoring competence – both in domestic environmental policy and in the governance of sustainability throughout global supply chains.
- 3** Policy-makers should ensure accountability of both public- and private sector actors in environmental governance. It is crucial that companies cannot shirk their commitments or greenwash, as this could undermine citizens' trust in voluntary environmental action if exposed.

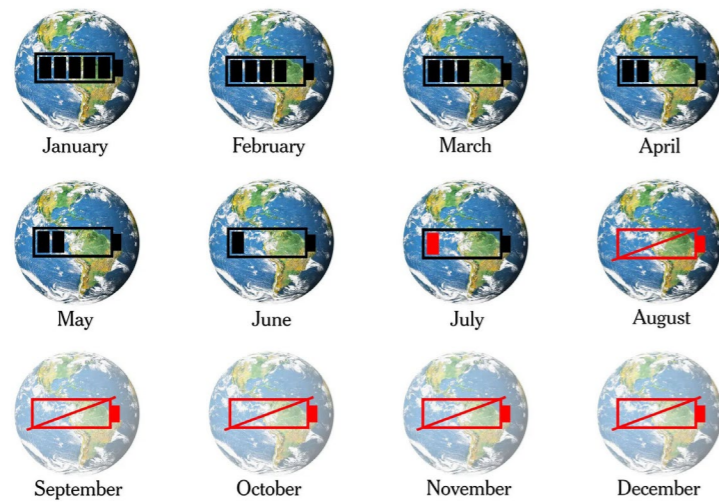


Figure 1: New York Times Illustration of Earth Overshoot Day, i.e. the depletion of the annual global ecological budget by August, and the ensuing overexploitation for the rest of the year.  
Source: New York Times (2020)

### What is meant by...

**Ecological Budget:** The amount of environmental resources which a country or Earth itself can provide and regenerate to sustain its human population in the long run.

**Sustainable Economy:** A production and consumption system that considers the scarcity of limited resources and the regeneration capacity of renewable

resources, enhances resource efficiency and thus generally improves the performance of the economy and welfare.

**Governance Hybrid:** A governance institution that combines state-led regulatory elements with voluntary private-sector measures, for example, a sectoral agreement.

## There is an urgent need to reduce the global ecological footprint of the Swiss economy

Humanity's current demand for environmental resources exceeds Earth's ecological limits by about 60% (Figure 1). Many studies highlight significant costs (e.g. due to scarcities in crucial resources) and risks (e.g. to public health) associated with running the world economy beyond Earth's limits. Hence, it is

apparent that sustainable economic activity is worthwhile. Because of their financial capacity and in-depth knowledge of environmental issues in particular economic sectors, companies are in a pivotal position to accelerate or inhibit progress towards a sustainable economy.

## Public pressure can facilitate voluntary action but policy-makers should punish greenwashing

A majority of voters are in favour of stringent environmental regulation of firms' economic activity. This is something we observe in relation to the Swiss domestic context but also concerning the regulation of global supply chains, drawing on data from the 12 largest industrialised OECD economies. Citizens support policies that significantly tighten corporate reporting rules and equip policy-makers with far-reaching competencies to penalise companies for non-compliance.

Credible voluntary sustainability commitments by a large number of companies can reduce societal pressure by reducing public demand for government intervention. Furthermore, citizens are willing to grant political benefits (e.g. tax breaks) to environmentally-conscious companies. In sum, companies have socio-political incentives to voluntarily improve their sustainability performance even without "direct" economic

benefits such as resource efficiency gains and branding. We consider these findings positive news for collaborative policy designs that rely heavily on voluntary private-sector measures such as different types of governance hybrids.

However, governance based on voluntary measures can also create incentives for free-riders, which could undermine public acceptance of cooperative solutions between the state and companies. Thus, policy-makers should adopt provisions that ensure accountability of firms and, in particular, disincentivise or penalise greenwashing. To that end, policy-makers might consider sanctions for non-compliance or define environmental targets and commit to significantly strengthening regulatory intervention if a company-led (i.e. majority voluntary) policy fails to meet these targets by a certain deadline.

## We draw two overarching conclusions for countries' sustainable economy transitions

- Global supply chains will feature as a key item on individuals' and parties' economic and foreign policy programmes.
- Corporate voluntary measures can be effective but require government-enforced accountability.

## Conclusion

We examined policy options for democratic policy-makers in industrialised countries (particularly Switzerland) with respect to a sustainable economy. Primarily, we focused on public opinion concerning the governance of private-sector contributions to the transition to a sustainable economy. Thus, in doing so we studied the political feasibility of sustainable economy policy using Switzerland as a “public opinion laboratory”.

Our results first suggest that, even without conventional economic benefits, environmental business conduct can benefit companies. The reason is that citizens are willing to politically reward companies engaging in voluntary environmental action.

Overall, however, citizens are in favour of robust sustainability-related government regulation of business

activity. Specifically, citizens support accountability mechanisms such as public reporting and government capacities to penalise the failure to comply with reporting duties. This applies both to domestic policy areas and to the governance of global supply chains. That said, citizens value inclusive policy design processes (participation by firms, elected organs, and civil society).

However, citizens' attitudes and policy preferences are responsive. For example, we find that citizens support the outcomes of inclusive policies even when they are less stringent. Similarly, voluntary measures by companies can reduce public demand for government regulation. Conversely, if companies are publicly accused of greenwashing, citizens' trust in voluntary measures decreases.

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## About NRP 73

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The National Research Programme “Sustainable Economy” (NRP 73) was launched by the federal council with a global budget of CHF 20 million for five years of research starting mid-2017. It funded 29 research projects in different thematic areas such as Circular Economy, Finance, Building & Construction, Cities & Mobility, Forestry, Agriculture & Food, Supply chain, Sustainable Behaviour and Governance. NRP 73 aims at generating scientific knowledge about a sustainable economy that uses natural resources sparingly, creates welfare and increases the competitiveness of the Swiss economy.

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