

# Large transnational corporations play critical role in global natural resource management

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Researchers have identified six corporate actions that, combined with effective public policy and improved governmental regulations, could help large transnational corporations steer environmental stewardship

efforts around the world, a new paper suggests.

A handful of transnational corporations in key sectors such as agriculture, forestry, seafood, minerals and fossil energy have a significant environmental impact but also possess the ability to influence important industry changes to ensure long term [sustainability](#), and these features of change underscore that, said James Watson, a co-author of the paper and an assistant professor who specializes in [sustainability science](#) at Oregon State University.

"The leaders of these companies should be at the table when we're talking about issues of global sustainability," said Watson, who is on the faculty of OSU's College of Earth, Ocean, and Atmospheric Sciences. "In the past, you would not have imagined them at the table. But to create sustainability around the globe, we can't act alone in one place. We have to act in concert."

The researchers' findings were published today in *Nature Ecology & Evolution*. The paper's authors include notable ecology and economics researchers from the U.S. and Europe; the lead author is Carl Folke of the Beijer Institute of Ecological Economics at the Royal Swedish Academy of Sciences.

Consolidation among corporations, where a small number of companies control a large share of the market for a product, is a well-known and predictable feature of economic development, Watson said. These companies' dominance across the globe puts them in a unique position to influence sustainability practices.

"These issues can affect companies' bottom line," Watson said. "Lots of companies have rules about maximizing profit for shareholders. But if you act unsustainably, your profits will be zero at some point in the future. Issues of sustainability are completely in line with the long-term

profitability of companies.

"It's not just about now. It's about future generations."

In their paper, the researchers identified six features of change that could mark a shift toward corporate biosphere stewardship. Stewardship, rather than sustainability, emphasizes both social and environmental dimensions of caring for the planet, emphasizing that people, nations and the global economy are intertwined and together shape the environmental dynamics of the planet.

The six actions are:

- **Alignment of vision**—As people increasingly recognize global environmental changes, new norms are emerging among some of the largest corporations and brands. More than half of a sample of 450 companies in food, wood-product and textile sectors reported using at least one sustainable-sourcing practice. Progressive chief executives can be [role models](#) for entire sectors and set norms for industry.
- **Mainstreaming sustainability**—Guiding frameworks help society define problems and provide space for innovation and solutions to emerge. Frameworks established through science can be magnified by engaging with corporations and help them rapidly scale up when they find sustainability success.
- **License to operate**—Developing global licenses for transnational corporations to operate in a democratic, ethical and sustainable manner around the world. Governments in some countries are already taking steps toward this; for example, the United Kingdom's Modern Slavery Act requires companies to disclose the measures they take to address slavery and human trafficking.
- **Financing transformations**—Major pension funds and other institutional investors are starting to move funds away from

unsustainable practices and toward global stewardship.

Systematic incorporation of sustainability criteria in traditional financial sectors could push transformative change.

- Radical transparency—Novel technologies are making it easier to follow supply chains and monitor production, harvesting and distribution of supplies for environmental impacts. If the major leaders in an industry engage in these practices, it could stimulate others to follow their lead.
- Evidence-based knowledge for action—The scientific community can play a key role in facilitating and monitoring corporate change by independently investigating, defining problems and engaging with companies to develop solutions.

Moving toward more sustainable practices is not without risk, Watson noted. Even if most corporate leaders are on board with a change, one bad actor can ruin a plan—skirting rules to cut costs or increase market share.

The researchers focused on large transnational corporations that have the potential for the largest impact, but their guidance can also apply to individuals and small and mid-size businesses who are part of the economic chain, Watson said.

"Everyone has agency. It's important to take ownership of your position in the global economic marketplace," he said. "Ensuring the long-term viability of the planet is a collective action problem. Everyone has to participate."

**More information:** Carl Folke et al, Transnational corporations and the challenge of biosphere stewardship, *Nature Ecology & Evolution* (2019). [DOI: 10.1038/s41559-019-0978-z](https://doi.org/10.1038/s41559-019-0978-z)

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