

**green chemistry, green engineering and  
eco-innovation**

**Determinants of  
Brazilian Petrochemical Companies'  
Engagement in  
GCE-Based Eco-Innovation Processes**



**Towards a More Sustainable  
Petrochemical Industry**

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Green Chemistry, Green Engineering and Eco-Innovation Towards a  
More Sustainable Petrochemical Industry:

Behavioral Determinants of Brazilian Petrochemical Companies' Engagement in  
GCE-Based Eco-Innovation Processes

# **Green Chemistry, Green Engineering and Eco-Innovation Towards a More Sustainable Petrochemical Industry:**

## **Determinants of Brazilian Petrochemical Companies' Engagement in GCE-Based Eco-Innovation Processes**

Groene Chemie, Groene Techniek en Eco-innovatie  
Naar een Duurzamere Petrochemie:

Determinanten van de Betrokkenheid van Braziliaanse Petrochemische Bedrijven in  
Eco-innovatie op basis van Groene Chemie

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“No matter who you are, no matter where you go, in your life, at some point you gonna need somebody to stand by you”.

For some reason these words and their meaning penetrated deeply and strongly supported my beliefs from the very first time I heard them. They were sung by the wonderful street singer Roger Ridley, who used to perform in 3<sup>rd</sup> Street Promenade, Santa Monica, California before he passed away in 2005.

They were introductory words to the song, “Stand by Me”. I never had the opportunity to see Roger singing live, but his message was disseminated worldwide through a video, which continues to have impact and it is still touching and inspiring many people today. It expresses my feelings regarding the individuals who helped me throughout my Ph.D. process. Therefore, I dedicate the following paragraphs to express my most profound gratitude to those who helped me along this journey.

First, I would like to dedicate this thesis to my wife Ivone and to my mother Branca. Without their unconditional love, support and encouragement my engagement and continuation on this thesis development process would not have been possible.

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The responsibility of writing a thesis research's acknowledgements is as great as the conception and development of the thesis itself. Although much simpler to write, it carries the responsibility associated with gratitude. Gratefulness is included among the noblest of human virtues. In that context, I am also grateful to innumerable individuals whose contributions helped me to make this thesis research become a reality.

This thesis research's author hopes that this thesis will contribute to building a cleaner and more sustainable world where mistakes from the past can be overcome and nature's gifts can be preserved for healthful societies for the present and for the long-term future.

## Summary

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It is the general wisdom, within the petrochemical industrial sector, that technological changes, for the development of cleaner products, processes and services, is a basic requirement for companies to achieve advanced states of environmental and economic sustainability in the 21<sup>st</sup> century.

It is also agreed that to innovate is essential for this industry make the necessary advancements and to reconcile the firms' interests of being profitable, in the short-term, with their long-term capacity to evolve with societal pressures to ensure worker's and consumer's health within a sustainable biosphere. Despite these corporate perspectives, companies' decisions to engage in the process of change, through technological and management innovations, is contingent on a series of elements that determine companies' eco-innovative behavior.

This thesis was designed to gain insight into the aspects and determinants that influence eco-innovative behavior of companies in the Brazilian petrochemical sector. Drawing on Icel Ajzen's Theory of Planned Behavior (TPB), on Montalvo Corral's TPB-based structural descriptive innovation-directed behavioral model and on Franco Malerba's Sectoral Systems of Innovation (SSI) framework as its major theoretical frameworks, this study was designed to obtain answers to these research questions:

- What is the extent to which Brazilian petrochemical companies are willing to innovate based upon the *Twelve Principles of the Green Chemistry* and the *Twelve Principles of Green Engineering* (GCE) as approaches to more sustainable behavior?
- How can their willingness to change be documented and explained and what are its main determinants?
- What are the sector's main agents, mechanisms and actions, which are integral to its implementation of GCE and to going beyond them in the future?

More specifically, this research investigated the extent and the strength to which these companies intend or are willing to engage, in the next five years, in technological and managerial eco-innovation processes. Such engagement would, in part, be based upon their acceptance and use of GCE as a means to promote technological and management changes for the development and production of cleaner and more sustainable products, processes and services.

In this thesis research, the determinants of willingness to innovate encompassed elements from a variety of domains such as the environmental, socio-economic, technical, management, business, ethical, moral, institutional, sociological, and personal realms. They were investigated as the key elements for the potential development of corporate, sectoral and public policies devoted to the promotion of eco-innovation processes. In parallel, such policies were expected to be powerful elements in the adoption of GCE as the guidance and primary frameworks in the processes of technological and management changes to sustainable production of ecologically, socially and economically sound processes, products and services.

The results of the statistical analyses of the research's quantitative empirical survey responses from thirty-six respondents from eleven of twenty-two basic and intermediate petrochemicals

manufacturing companies in the Brazilian context were used to obtain insights into corporate leader's awareness and on their willingness to lead their companies to make changes in GCE. These insights were used to:

- Measure the degree of willingness of Brazilian petrochemical companies to engage in GCE based eco-innovation processes, in the next five years, as a function of: (a) the managers' attitudes towards such engagement, (b) the social and personal pressures with regard to the adoption of cleaner and more sustainable processes, products and services, and (c) the managers' perceived control over the requisites and opportunities to engage in such GCE-based processes;
- Identify the main determinants of their willingness in the context of the research;
- Identify the most favorable conditions for their willingness to be transform into actions;
- Build upon the willingness determinants and on the best conditions for the chemical companies' leaders to act upon their willingness by developing recommendations for governmental, sectoral and corporate policies designed to enhance the probability of the implementation of GCE frameworks within the Brazilian petrochemical companies.

The most favorable conditions for willingness enhancement were found to be based upon managers' perceptions within five of the nine behavioral domains included in this study: environmental risks, economic risks, social pressures, knowledge and technologies, and actors and networks. In parallel, the results of the statistical validation of the research's behavioral model documented the plausibility and the adequacy of the proposed approach for eco-innovation studies and attested to its generalizability, thereby, making it utilizable in different industrial sectoral contexts.

As the second phase of the empirical information gathering, an in-depth qualitative survey, based upon face-to-face interviews with six companies' managers, one leader of the Brazilian Chemical Industry Association (ABIQUM) and the two Environmental Protection Agency managers were performed to obtain deeper understanding of the implications and applications of the results obtained from this thesis research's quantitative survey.

This phase of the research provided company leaders, who participated in the quantitative survey, the opportunity to review and reflect upon the researcher's findings from that survey. They were invited to reflect upon the actual and planned changes that their companies have made or are committed to make to transform their operations to be more environmentally and socio-economically sound as they continue on their sustainability journey.

In addition to corroborating the findings of the quantitative survey, the in-depth interviews provided evidence that Brazilian petrochemical companies have moved beyond intentionality to implementation of technical and non-technical policies, programs and supportive strategies for their on-going sustainability responsibilities.

With regard the use of GCE principles by the companies, the Chemical Manufacturer Association's (ABIQUM) "Responsible Care" framework was found to be providing the stimulus for enhancing their awareness and commitment to make changes in accord with the GCE principles. It was found that although some of their changes were not explicitly based



upon the GCE frameworks, many of their directives, guidelines and principles that have been incorporated within the company's institutional policies, goals, procedures and production processes match the GCE principles. Those types of behavioral changes were implemented in planned and structured ways and some were based upon intuitive insights for making the needed improvements. These findings documented the companies' strong willingness to engage in GCE-based eco-innovation processes that were predicted, based upon the findings of the initial quantitative study.

The qualitative survey also showed that future governmental efforts should address development and application of more efficient policies that seriously focus upon preventing or solving problems at their sources and not only or primarily upon treating the symptoms of the problems via "end-of-pipe" pollution control approaches after they occur.

The in-depth interviews underscored the central importance of partnerships comprised of companies, trade associations, governmental environmental agencies and non-environmental organizations for developing the climate, conditions and *stimuli* for the introduction, implementation and management of the GCE-based, technical and non-technical changes at the company and sectoral levels, and governmental levels. In addition, it revealed the importance of cooperative relations among relevant agents such as schools, universities, research centers, the press, suppliers, stockholders and customers.

The quantitative and qualitative surveys indicated the importance of ABIQUIM's Responsible Care Program (RCP) as a key and fundamental instrument for promotion of implementation of GCE and GCE-based innovation processes in the Brazilian petrochemical industry.

The recommendations for policies and procedures based upon the statistically analyzed willingness determinants from the quantitative study were verified by the companies' managers in the in-depth interviews. Therefore, the recommendations for policies aimed at accelerating the needed transitions include:

- **Environmental risk communication:** the EPA, ABIQUIM and the companies should co-work to improve their environmental risk communications to help company leaders to understand the risks of not changing and the business opportunities for them, which are evolving from "green markets" for more sustainably produced products, and services;
- **The use of ABIQUIM's RCP:** the companies and ABIQUIM should make extensive and intensive use of the RCP to catalyze and enhance corporate changes toward sustainability. It should increasingly be built upon GCE-based eco-innovation principles and related international approaches;
- **Elements that were shown to be important and relevant in the generation and in the enhancement of willingness to eco-innovate in GCE:**
  - The accessibility to relevant information for knowledge generation;
  - The existence of mechanisms for knowledge integration;
  - The identification of technological opportunities;
  - The development of advanced innovation capabilities;
  - The availability of individuals holding key innovation and "change-agent" capabilities;

- The engagement in strategic alliances with actors that are external to companies' realm, and
- The engagement in networks of collaboration aiming at eco-innovating in GCE.

Opportunities for future research include: (a) longitudinal studies of changes in the Brazilian petrochemical industrial sector, (b) benchmarking Brazilian companies with each other and with international front-runners, (c) innovation economics, and (d) agent-based computerized simulations.

This thesis author is convinced that there are many research opportunities to help to better understand the factors, which influence individuals' attitudinal, social, personal, and behavioral intentions for implementing eco-innovative changes. Such research can create better understanding of the dynamics of environmental and economic changes within which more efficient and effective policies and strategies can be developed to more effectively catalyze the transition from GCE-based behavioral intentions into eco-innovative courses of action.

## Samenvatting

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In de petrochemie vindt men dat de ontwikkeling van schone producten, processen en diensten een basisvereiste is voor bedrijven om economische en ecologische duurzaamheid te bereiken in de 21<sup>e</sup> eeuw. Men is het er ook over eens dat innovatie essentieel is bij het verzoenen van belangen op de korte en lange termijn. Op de korte termijn speelt dan vooral het belang van winstgevendheid; op de lange termijn vooral het maatschappelijk belang van de gezondheid van werknemers en consumenten in een duurzame biosfeer. Daarin speelt echter een aantal aspecten en determinanten die het eco-innovatieve gedrag van bedrijven bepalen; die worden in dit proefschrift onderzocht bij bedrijven in de Braziliaanse petrochemie. *Icel Ajzen's Theory of Planned Behavior* (TPB), het daarop gebaseerde model van Montalvo Corral en het *framework van Systems of Innovation* (SSI) van Franco Malerba werden gebruikt als theoretische fundamenteen. De volgende onderzoeksvragen stonden centraal:

- In hoeverre zijn petrochemiebedrijven in Brazilië bereid om te innoveren op basis van de *Twelve Principles of Green Chemistry* en de *Twelve Principles of Green Engineering* (tezamen aangeduid met GCE) als benaderingswijzen van duurzamer gedrag?
- Hoe kan hun bereidheid worden vastgesteld en verklaard, en welke zijn de belangrijkste determinanten van die bereidheid?
- Welke zijn in deze sector de belangrijkste actoren, mechanismen en acties bij de implementatie van GCE? Nu, en in de toekomst?

In dit onderzoek ging het specifiek om de mate waarin en de kracht waarmee deze bedrijven zich de komende vijf jaar willen inzetten voor eco-innovatie op het gebied van management en techniek. Die inzet zou deels voortkomen uit hun acceptatie en gebruik van GCE als een middel om veranderingen in techniek en management te bevorderen waarmee productieprocessen, producten en diensten schoner en duurzamer worden.

De determinanten van de bereidheid tot innoveren kwamen uit diverse domeinen, zoals milieu, economie, techniek, management, ondernemen, ethiek, moraliteit, instituties, de samenleving en het individu. Deze werden onderzocht als sleutelfactoren voor de mogelijke beleidsontwikkeling in bedrijven, sectoren en bij de overheid voor het bevorderen van eco-innovatieprocessen. Van zulk beleid werd een sterke invloed verwacht op de opname van GCE.

In het kader van dit onderzoek is een enquête gehouden die een respons opleverde van zesendertig respondenten uit elf van de tweeëntwintig bedrijven in de Braziliaanse petrochemie. De resultaten van de analyse van deze respons leverde inzichten in de bereidheid van leiders om in hun bedrijven voorop te gaan in bij eco-innovaties op het gebied van GCE. Op basis van deze inzichten was het mogelijk om:

- De mate van bereidheid te meten bij Braziliaanse oliemaatschappijen om actief te worden op het gebied van GCE en eco-innovatie, in de komende vijf jaar, afhankelijk van (a) de attitude van deze managers, (b) de sociale en persoonlijke druk waaraan zij bloot staan om dit te doen, en (c) de mate waarin managers denken dit te kunnen doen binnen de randvoorwaarden en hun mogelijkheden.

- De determinanten aan te wijzen van hun bereidheid in de context van dit onderzoek;
- De meest gunstige condities aan te wijzen waarin hun bereidheid kan leiden tot actie.
- Daarop voort te bouwen met aanbevelingen aan overheids-, sector- en corporate beleid om de kans op implementatie van GCE in de Braziliaanse petrochemie te vergroten.

De meest geschikte condities waaronder managers aan GCE willen gaan werken blijken te liggen in vijf van de negen gedragsdomeinen die in dit onderzoek onderscheiden worden: milieurisico, economisch risico, sociale druk, kennis en technologie, evenals actoren en netwerken. De statistische validatie van het gedragsmodel in dit onderzoek onderbouwde de plausibiliteit en de passendheid van de voorgestelde benadering van eco-innovatie. Daarmee blijkt het gedragsmodel dus toepasbaar te zien in de context van verschillende industriële sectoren.

In een tweede fase van informatieverzameling werden diepte-interviews gehouden met zes managers uit Braziliaanse oliemaatschappijen, één manager van de Vereniging van de Braziliaanse Chemische Industrie (ABIQUIM), en twee managers van het Braziliaans Milieuagentschap. Daardoor werd een dieper inzicht verkregen in de implicaties en mogelijke toepassingen van de resultaten uit de enquête. In deze fase kregen de bedrijfsmanagers die hadden meegedaan aan de enquête de gelegenheid te reflecteren op de bevindingen uit die enquête. Men werd ook gevraagd te reflecteren op de feitelijke en voorziene veranderingen die hun ondernemingen in milieu- en sociaaleconomisch opzicht duurzamer maken. De diepte-interviews bevestigden de bevindingen uit de enquête, en leverden aanvullend bewijs dat petrochemische bedrijven in Brazilië verder zijn dan alleen de intentie om beleid, programma en strategieën te implementeren gericht op duurzame ontwikkeling.

Het 'Responsible Care' programma van ABIQUIM bleek het bewustzijn en de betrokkenheid bij bedrijven voor het toepassen van de principes van GCE te vergroten. Hoewel sommige van de veranderingen bij bedrijven niet expliciet gebaseerd zijn op toepassing van de principes van BCE blijken veel richtlijnen, instructies in het beleid en het productieproces dat wel te zijn. Het gaat om geplande en geprogrammeerde gedragsveranderingen; sommige waren gebaseerd op meer intuïtieve inzichten. Deze bevindingen lieten de sterke bereidheid bij bedrijven zien om GCE en eco-innovatie toe te passen, in lijn met de bevindingen uit de eerdere enquête.

De diepte-interviews lieten verder zien dat de overheid efficiënt beleid zou moeten ontwikkelen gericht op het voorkomen en oplossen van problemen aan de bron, en niet alleen op de aanpak van de symptomen met een 'end-of-pipe' benadering. Ook bleek samenwerking tussen bedrijven, brancheorganisaties, overheden en Ngo's van belang voor het ontwikkelen van het klimaat, de condities en de prikkels voor veranderingen in afzonderlijke bedrijven, sectoren van het bedrijfsleven en bij overheden. Daarnaast blijken nog bredere samenwerkingsverbanden belangrijk te zijn met bijvoorbeeld scholen, universiteiten, onderzoeksinstellingen, de pers, toeleveranciers, aandeelhouders en klanten.

Zowel de enquête als de diepte-interviews lieten het belang zien van het Responsible Care programma van ABIQUIM. Dat is een sleutel en een fundamentele bouwsteen voor GCE en de daarop gebaseerde innovatieprocessen in de Braziliaanse petrochemie.

De statistische analyse van de enquête en de resultaten van de diepte-interviews liggen in elkaars lijn, en leiden tot de volgende beleidsaanbevelingen:

- **Milieurisico en communicatie:** het Braziliaans milieuagentschap, ABIQUIM en de bedrijven moeten samenwerken om de communicatie over milieurisico's te verbeteren, en de managers van bedrijven te helpen de risico's te doorgronden van een gebrek aan verandering, en het missen van kansen voor hun bedrijven welke voortvloeien uit de vergroening van markten, ofwel uit de toenemende vraag naar duurzaam geproduceerde producten en diensten.
- **De toepassing van Responsible Care:** de bedrijven en ABIQUIM moeten meer en beter gebruik maken van het responsible care programma om veranderingen in bedrijven teweeg te brengen die bijdragen tot een duurzame ontwikkeling. Dit zou moeten gebeuren met eco-innovatie en internationale benaderingen die gebaseerd zijn op GCE.
- **Belangrijke elementen ter bevordering van de bereidheid tot eco-innovatie en groene chemie:**
  - De toegankelijkheid van relevante informatie over groene chemie;
  - Het bestaan van mechanismen voor de integratie van kennis;
  - Het identificeren van technologische kansen;
  - Het ontwikkelen van innovatievaardigheden;
  - Individuën met belangrijke innovatie-vaardigheden, in de rol van 'change-agent';
  - Strategische allianties tussen bedrijven en externe actoren, evenals
  - De deelname in netwerken voor eco-innovatie in groene chemie.

Toekomstig Onderzoek zou zich moeten richten op (a) longitudinale analyse van veranderingen in de Braziliaanse petrochemie, (b) het benchmarken van Braziliaanse bedrijven, en het vergelijken van hun prestaties met die van voorlopers wereldwijd, (c) de economie van innovatie, en (d) computersimulaties van het gedrag van individuele actoren.

Deze auteur is ervan overtuigd dat er veel mogelijkheden zijn voor verder onderzoek naar individuele gedragsfactoren - sociaal en persoonlijk, naar intenties en feitelijk gedrag – in relatie tot eco-innovaties. Zulk onderzoek kan leiden tot een beter begrip van de dynamiek van milieu- en economische veranderingen en de rol daarin van efficiënter en effectiever beleid en strategie voor de omzetting van gedragsintenties in eco-innovaties.

# Table of Contents

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Acknowledgements.....	i
Summary.....	iii
List of Figures.....	xiii
List of Tables.....	xvi
List of Boxes.....	xxii
Acronyms and Abbreviations.....	xxiii
<b>1. Introduction.....</b>	<b>1</b>
1.0 Societies versus the Chemical Industry: a Long Standing Environmental Debate.....	1
1.1 Innovating in Green Chemistry and Green Engineering: A Way to Reconciling the Petrochemical Industry's Interests and Societal Environmental Self-Interests .....	3
1.1.1. Environmental and Socio-Economic Sustainability of the Industrial Sector: Why to Intervene and Promote Technological Changes in the Production Processes .....	4
The Relationships between the Industry's Production Processes, Welfare Creation and Sustainability .....	4
Cleaner Products and Process Technologies within the Production Processes: an Important Contribution to the Industrial, Societal and Environmental Sustainability .....	8
Innovating in Green Chemistry and Green Engineering: A Powerful and Viable Approach towards Advanced States of the Petrochemical Sector .....	10
1.2 The Behavioral Model and this Research's Qualitative Survey Questionnaire .....	12
1.3 The Case Study.....	15
1.3.1 The Size and the Importance of the Brazilian Petrochemical Sector in Brazil and Worldwide and Expansion Perspectives.....	15
1.3.2 Big Size, Big Challenges .....	16
Defining the Boundaries of the Scope of the Thesis Research .....	18
1.4 The Structure of the Thesis .....	20
<b>2. Fundamentals and Principles of Green Chemistry and Green Engineering .....</b>	<b>24</b>
2.0 Introduction .....	24
2.1 Sustainability in the Petrochemical Industry: Where do Green Chemistry and Green Engineering Fit in? ..	25
2.1.1 Grand Challenges and Research Needs for Sustainability in the Chemicals Processing Industry .....	26
Some Considerations on Long Term Planning for Technical Change.....	30
2.1.2 Green Chemistry and Green Engineering: a Centerpiece in the Chemical Industry's Sustainability Needs .....	33
2.2 After All, What are Green Chemistry and Green Engineering All About? .....	36
2.2.1 Green Chemistry: Concepts and Framework .....	36
2.2.2 Green Engineering: Concepts and Framework .....	44
2.3 Green Chemistry, Green Engineering and their Relation to Innovation .....	48
2.3.1 Green Chemistry, Green Engineering and Technological Transitions.....	49
2.4 Integrating Green Chemistry and Green Engineering into the Industrial Sustainability and Eco-innovation Domains.....	53
<b>3. Theoretical Framework.....</b>	<b>57</b>
3.0 Introduction .....	57
3.1 Sectoral Systems of Innovation.....	61

3.1.1 Differences Across Sectors and Heterogeneity of Firms Within a Sector: the Justification for the Use of the SSI Framework .....	61
3.1.2 The Sectoral System of Innovation Framework .....	62
Knowledge, Technological Domain and Boundaries .....	65
Actors, Interactions and Networks .....	66
Institutions .....	66
3.2- <i>The Theory of Planned Behavior: Background and Theoretical Aspects</i> .....	67
3.2.1- Theoretical Aspects of the Theory of Planned Behavior.....	71
The Contributions from the Decision-Making Theory to the Development of the Theory of Planned Behavior .....	71
Behavioral Definition .....	74
The Structure of the Theory of Planned Behavior .....	75
From Beliefs to Behavior: Predicting and Explaining Behavior .....	76
From Beliefs to the Determinants of Intentions .....	76
Attitude Formation Towards the Behavior .....	77
Normative Beliefs and Their Influence on Subjective Norms .....	77
Control Beliefs and the Perceived Behavioral Control .....	78
Linking Beliefs to Behavior: the Relations between Intentions, Attitudes, Subjective Norms and Perceived Behavioral Control .....	79
3.2.2 Additions and Extensions to the TPB: The Contributions from Other Theories to Enhance the Explanatory Power .....	80
3.3 <i>Managers as the Unit of Analysis for Organizational Behavior</i> .....	82
3.4 <i>Summary</i> .....	83
<b>4. Research Design and Implementation Methods .....</b>	<b>84</b>
4.0 <i>Introduction</i> .....	84
4.1 <i>Definition of the Research’s Case Study</i> .....	84
4.2 <i>Key Contributing Theoretical Elements for the Research Design</i> .....	85
4.3 <i>The Structural Custom Behavioral Model Development of this research</i> .....	88
Behavioral Definition .....	89
Modifying Montalvo Corral’s Model.....	90
4.4 <i>Research’s Quantitative Questionnaire Construction</i> .....	92
4.4.1 <i>Fundamentals Underpinning the Thesis Research Questionnaire Development</i> .....	92
Measurement Principle used in the Questionnaire .....	92
The Use of Semantic Differential as a Rating Technique .....	93
Questionnaire Construction: Wording, Format and Context.....	95
Questionnaire Structure .....	97
4.5 <i>Quantitative Questionnaire Application and Data Collection</i> .....	103
4.5.1- Defining the Survey’s Sampling Method .....	103
From Theory to the Real World .....	106
4.5.2 Survey Implementation: Methodology and Tools .....	108
Definition of the Survey Method .....	108
Questionnaire Pretest .....	110
Survey Implementation .....	112
4.6 <i>Empirical Confirmation of the Research’s Supporting Theory: the Reliability of the Measurements and the Validity of the Research’s Behavioral Model</i> .....	115
4.6.1 Reliability of Measurements (questionnaire) .....	116
4.6.2 Validity Statistics .....	118
The Content Validity of this Thesis’ Behavioral Model .....	119

Statistical Foundations of the Content Validity .....	120
Influences of the Sample Size on the Statistical Significance of the Content Validity .....	122
The Construct Validity of this Thesis' Behavioral Model .....	123
Statistical Foundations of the Construct Validity .....	124
Statistical Examination of the Relationships Between the Empirical Results .....	125
Influences of the Sample Size on the Construct Validity Statistics .....	126
Criteria for the Construct Validation of the Thesis Research's Behavioral Model .....	127
Final Considerations Regarding the Behavioral Model's Construct Validity .....	129
<i>4.7 Promoting a Deeper Understanding on this Thesis Research's Findings .....</i>	<i>130</i>
The chosen approach .....	130
<i>4.8 Salient Limitations of the TPB Based Method .....</i>	<i>131</i>
<b>5. The Development of a Behavioral Model and a System of Hypotheses of Willingness to Eco-Innovate</b>	<b>133</b>
5.0 Introduction .....	133
5.1 The Starting Point: Montalvo Corral's Behavioral Model .....	133
5.1.1 Montalvo Corral's Modifications to Ajzen's Model .....	134
5.2 The Development of the Research's Behavioral Model of Willingness to Eco-Innovate in Industrial Sectors .....	137
5.2.1 Adaptations to the Montalvo Corral Model .....	137
5.2.2 The Development of the Full Research's Operational Behavioral Model .....	143
The Attitude Construct as a Determinant of Eco-Innovation in Green Chemistry and Green Engineering	143
Attitude Behavioral Domain 1: Environmental Risk .....	145
Environmental Risk Perception .....	146
Attitude Behavioral Domain 2: Economic Risk and Business Opportunities .....	147
The Social and Personal Factors Construct as a Determinant of Innovation in Green Chemistry and Green Engineering .....	149
Social Factors Behavior Domain 1: Perceived Social Norm (Social Pressure) .....	151
Perceived Market Pressures .....	152
Community Pressure .....	154
Regulatory Pressures .....	156
Social Factors Behavior Domain 2: Perceived Social Norm (Role Beliefs) .....	158
Social Factors Behavior Domain 3: Perceived Personal Norm (Moral Obligation) .....	161
Social Factors Behavior Domain 4: Perceived Self-Identity .....	164
The Perceived Behavioral Control Construct as a Determinant of Innovation in Green Chemistry and Green Engineering .....	167
The Integration of the "Sectoral System of Innovation" Framework into the TPB's Perceived Behavior Control Construct .....	169
Perceived Behavioral Control Behavior Domain 1: Knowledge and Technological Domain .....	171
Accessibility to Knowledge .....	172
Technological Opportunities .....	173
Appropriability .....	175
Cumulativeness .....	177
Learning Processes .....	178
Organizational Sources of Innovation Capabilities .....	180
Technological Capabilities .....	180
Organizational Capabilities .....	182
Perceived Behavioral Control Behavior Domain 2: Actors and Networks .....	186
Perceived Behavioral Control Behavior Domain 3: Institutions .....	191
5.3 Behavioral Model Hypotheses System .....	194
5.4 Summary .....	200



<b>6. Companies' Planned Behavior in Eco-Innovating in Green Chemistry and in Green Engineering .....</b>	<b>203</b>
6.0 Introduction .....	203
6.1 To What Degree are Companies Willing to Engage in Green Chemistry and Green Engineering-Based Eco-Innovation Processes? .....	205
6.2 Mapping Behavioral Preconditions in the Attitude Domain .....	207
6.2.1 Environmental Risk Perception .....	207
6.2.2 Economic Risk Perception and Business Opportunities .....	210
Economic Opportunity .....	212
Appropriability .....	213
Technological Risks .....	214
Financial Risk .....	214
Summary .....	216
6.3 Mapping Behavioral Preconditions Generated by the Perceived Social and Personal Pressures .....	217
6.3.1 Perceived Social Norm (Social Pressure) .....	217
Market Pressure .....	217
Community Pressure .....	220
Regulatory Pressure .....	221
Summary .....	225
6.3.2 Perceived Social Norm (Roles Beliefs) .....	225
Summary .....	226
6.3.3- Perceived Personal Norm (Moral Obligation) .....	226
Summary .....	228
6.3.4 Perceived Self-Identity .....	229
Summary .....	230
6.4 Mapping Perceived Behavior Control Determinants of Willingness Formation .....	231
6.4.1 Knowledge and Technologies .....	231
Accessibility to Knowledge .....	231
Technological Opportunities .....	233
Appropriability .....	234
Cumulativeness .....	235
Learning Processes .....	236
Intermediate Technological Innovation Capabilities (Search-Based) .....	237
Advanced Technological Innovation Capabilities (Research-Based) .....	237
Knowledge Integration .....	237
Capabilities/Knowledge and Organizational Structure Correspondence .....	238
Summary .....	238
6.4.2 Actors and Networks .....	239
Availability of Key Internal Actors Holding the Required Capabilities .....	239
Strategic Alliances with External Actors .....	241
Strategic Synergy .....	242
Support and Commitment .....	242
Cooperation-Influence .....	243
Outsourcing Opportunities .....	243
Networks of Collaboration .....	243
Summary .....	245
6.4.3 Institutions .....	246
Summary .....	247
6.5 Companies Willingness to Eco-Innovate in Green Chemistry and Engineering: Firms' Suggested Planned Behavior .....	248
6.6 Reliability of the Measurements and the Behavioral Model Validation .....	251

6.6.1 Reliability of the Measurements .....	251
6.6.2 Behavioral Model Content Validity .....	251
Behavioral Domain Scales .....	252
Direct measures of the domains .....	252
Expected Outcomes from the Validity Analysis .....	253
6.6.3 Behavioral Model Construct Validity .....	255
Summary .....	256
<b>7. Leveraging Companies' Willingness to Engage in Eco-Innovation Processes and Implementing Green Chemistry and Green Engineering at the Sector Level.....</b>	<b>258</b>
7.0 Introduction .....	258
7.1 From Beliefs to Intention: Explaining How Beliefs Influence Willingness Formation .....	259
7.1.1 Discussion .....	264
7.2 Enhancing Willingness to Eco-Innovate .....	265
7.2.1 Changes in the Attitudinal Determinants of Willingness .....	268
7.2.2 Changes in the Social and Personal Determinants of Willingness .....	270
7.2.3 Changes in the Behavioral Control Determinants of Willingness .....	272
7.2.4 Willingness Change in Light of the Most Favorable Scenarios .....	274
7.2.5 Discussion .....	276
Attitudinal Behavioral Domains .....	277
Social and Personal Normative Behavioral Domains .....	277
Behavioral Control over the Engagement in GCE-based Eco-Innovation Processes.....	278
7.3 Enhancing Willingness to Eco-Innovate: Sources for Policy Development.....	279
7.3.1 Basic Behavioral Elements as Inputs for Policy and Strategy Design .....	279
Environmental Risk Perception: Direct and Indirect Influences in Willingness Determination .....	280
Enhancing Willingness through the Perceived Social Pressures .....	283
Enhancing the Behavioral Control over the Resources for Eco-Innovation .....	287
Knowledge and Technologies: Sources for the Development of Eco-Innovation Policies .....	287
Actors and Networks: Sources for the Development of Eco-Innovation Policies.....	290
7.4 Verifying and Expanding upon the Research's Findings .....	291
7.4.1- In-depth Interviews at the Micro-Level within the Companies .....	292
Perceptions of the Importance of Sustainable Development and Sustainability for the Petrochemical Sector.....	293
Perceptions of the Benefits of Green Chemistry and Green Engineering (GCE): the Prospective of their Acceptance and Companies' Engagement in GCE-Based Eco-Innovation Initiatives.....	295
Conclusions from this Thesis Research's Qualitative Survey Findings: Agreement with the Results and Perceived Contributions and Benefits to Knowledge, Eco-innovation and Technological Change .....	298
Perceptions of the Importance of the Contribution of this Thesis Research's Findings for the Development, Introduction and Diffusion of Eco-innovation Policies .....	302
Perceptions of the Importance and Effectiveness of ABIQUIM and its "Responsible Care Program" in Disseminating, Supporting and Fostering GCE in the Brazilian Petrochemical Sector .....	305
Have Brazilian Petrochemical Companies Advanced Beyond Willingness?.....	308
Managers' Agreement with this Thesis Research Recommendations for Eco-Innovation Policies Development .....	317
Are the CGE Principles Already in use by the Brazilian Petrochemical Companies? .....	320
7.4.2- In-depth Interviews at the Meso-Level within the State Environmental Agencies .....	322
Initiatives Conducted by the Environmental Agency for Influencing, Promoting and Catalyzing Changes Towards Sustainability and Future Planned Initiatives. ....	324
Perceptions on the Influence Exerted by the Environmental Agency and by Future Legislation on Companies Willingness to Engage in Eco-innovation Activities.....	327

Perceptions of the Possibilities of Cooperation between the Environmental Protection Agencies and the Petrochemical Companies for Promoting Expedited Progress Towards Sustainability .....	329
Perceptions on the Environmental Agency's Power to Influence, Pressure and Stimulate Companies to adopt more Sustainable Approaches for their Products, Processes and Services .....	332
Perceptions of the Environmental Protection Agencies' and their Managers' Willingness and Preparedness to Support and Promote the Implementation of GCE-Based Initiatives.....	334
Perceptions of the Willingness of the Environmental Protection Agency to Promote Cooperation Initiatives with ABIQUIM to Influence and Stimulate GCE in the Petrochemical Sector.....	336
8.4.3- In-depth Interviews at the Meso-Level within the Brazilian Chemical Industry Association (ABIQUIM) .....	338
<b>7.5 Suggestions for Eco-Innovation Policies.....</b>	<b>346</b>
7.5.1 The Importance of Adequate Policies in Eco-Innovation Processes .....	346
7.5.2 From Beliefs to Design of Policies: Suggestions from the Empirical Evidence .....	347
Policy Suggestions for the Facilitation of Innovative Behavior and for Promoting Companies' Engagement in GCE-based Eco-Innovation Processes .....	348
Step 1: Expose People to New Environmental Information.....	348
Step 2: Awareness of the Social Desirability of the Behavior (engaging in GCE-based eco-innovation activities).....	352
Step 3: Facilitation of Behavioral Change .....	355
<b>7.6 Implementation of Green Chemistry and Green Engineering at the Sectoral Level: The Main Agents, Their Roles and Their Relations.....</b>	<b>356</b>
Companies' Willingness and Preparedness for Green Chemistry and Green Engineering and Their Perceptions on Sector Level Initiatives .....	357
Recommendations for Companies' Managers and Important Decision-Makers Regarding the Incorporating GCE and Fostering Companies' Engagement in GCE-Based Eco-Innovation Processes.....	358
Environmental Agencies' Perceptions on the Implementation of Green Chemistry and Green Engineering at the Company and the Sector Level .....	359
Recommendations for the Environmental Protection Agencies' Leaders Regarding the Process of Supporting and Fostering the Introduction, Diffusion and Implementing GCE in the Brazilian Petrochemical Sector.....	360
The Trade Association's Perceptions on the Implementation of Green Chemistry and Green Engineering at the Company and the Sector Level .....	363
Recommendations for ABIQUIM' Leaders Regarding the Process of Supporting and Fostering the Introduction, Diffusion and Implementing GCE in the Brazilian Petrochemical Sector.....	363
<b>7.7 Summary.....</b>	<b>365</b>
<b>8. Summary of the Results and Conclusions.....</b>	<b>369</b>
<b>8.0 Introduction .....</b>	<b>369</b>
<b>8.1 Discussions on the Research Questions in Light of the Findings .....</b>	<b>372</b>
8.1.1 Yes, the Brazilian Petrochemical Companies are Willing to Engage in GCE-Based Eco-Innovation Processes .....	372
8.1.2 What Determines Brazilian Petrochemical Companies' Willingness to Engage in GCE-Based Eco-Innovation? .....	375
Requisites and Opportunities for Innovating: There is Still the Need for Enhancing Governmental Support .....	375
Social and Personal Pressures: The Power of the Moral Norms and the Pressures from the Market, Communities, and Regulators/Regulators .....	377
Attitudes Towards GCE: Environmental and Economic Risks do not Preclude Willingness to Innovate ...	379
8.1.3 Agents, Mechanisms and Actions to Implement GCE at the Brazilian Petrochemical Sector Level ..	380
<b>8.2 The use of the Method's for the Analysis and Design of Policies.....</b>	<b>382</b>
<b>8.3 Reflections on the Research.....</b>	<b>383</b>

8.3.1 Theoretical Contributions of the Research .....	383
8.3.2 Generalization of the Method .....	384
8.4 Final Considerations.....	385
<b>9. Appendix A - Reliability Statistics.....</b>	<b>389</b>
<b>10. Appendix B - Results of the Statistical Content Validation of this Thesis' Research's Behavioral Model ....</b> .....	<b>390</b>
<b>11. Appendix C - Results of the Statistical Construct Validation of this Thesis' Researcher's Behavioral Model</b> .....	<b>392</b>
<b>12. Appendix D - Behavioral Domains and Behavioral Domains' Scales Correlation Analysis .....</b>	<b>403</b>
<b>13. Appendix E – The Thesis Research's Quantitative Survey Questionnaire .....</b>	<b>404</b>
<b>14. Appendix F - Protocols of the In-Depth Interviews (Qualitative Survey) .....</b>	<b>418</b>
<b>15. Appendix G - Profile and Specificities of the Survey Respondents .....</b>	<b>421</b>
<b>16. Appendix H - Considerations of Innovation Processes: Economic Competitiveness, Evolutionary Perspectives, Structure of Technical Change, the Systemic Nature of Innovation.....</b>	<b>425</b>
<b>17. Appendix I - Some Views on Environmental Sustainability in the Industrial Sector: the Importance of Greener Production Processes .....</b>	<b>454</b>
<b>18. References.....</b>	<b>468</b>

## List of Figures

---

Figure 1.1- Overview of the chemical industry from raw materials through to consumers goods and services.....	5
Figure 1.2- Welfare and utility creation process by the industrial production processes according to Paul Ekins.....	6
Figure 1.3- Pathway to the sustainability of the chemical industry's products and processes.....	11
Figure 1.4- Alan Atkisson's hope graph towards sustainability.....	11
Figure 1.5- Outline of the thesis research's structural descriptive model.....	13
Figure 1.6- The structure of the Brazilian petrochemical industry.....	19
Figure 2.1- The Grand Challenges for sustainability in the chemicals processing industry: from the current paradigm to an ideal vision of the future (2005-2105) according to the United States National Academy of Sciences.....	29
Figure 2.2- Innovation cycles of products and production processes according to Utterback.....	31
Figure 2.3- Green Chemistry and Green Engineering represented as a convergence of many disciplines.....	36
Figure 2.4- Industrial chemistry migration from "brown" towards "green" chemistry.....	38
Figure 2.5- Converting current practices of chemical syntheses to new paradigms in sustainable chemistry.....	39
Figure 2.6- Manufacturing and the product life cycle: a closed systems view of production, use and end-of-life management of products.....	46
Figure 2.7- The nested hierarchy of the multilevel perspective of evolutionary technological transition.....	51
Figure 2.8- Pressures for innovating in Green Chemistry and Green Engineering and their relation to sustainability in the industrial domain.....	54
Figure 3.1- Diagrammatic representation of the overall structure of this research's theoretical framework aimed at explaining companies' willingness to eco-innovate.....	61
Figure 3.2- The hierarchical structure of the Theory of Planned Behavior descriptive behavioral model according to Icek Ajzen.....	76
Figure 3.3- This thesis researcher's proposed social and personal factors construct to predict and explain companies' intentions to engage in eco-innovation activities.....	81
Figure 4.1- An example of facet design in the area of satisfaction research.....	99
Figure 4.2- The ordering in a definitional system of three binary items.....	100
Figure 4.3- Thesis research's questionnaire structure and its relation to the thesis researcher's behavioral model ...	102
Figure 4.4- Schematic representations showing the differences between traditional sampling and estimation and respondent-driven sampling.....	104
Figure 4.5- Example of a social network showing the linkages between/among people in a group.....	105
Figure 4.6 - Representation of the Snowball sampling process wherein each wave increases the sample size.....	106
Figure 4.7- Diagrammatic representation of this thesis research's sampling strategy.....	108
Figure 4.8- Diagrammatic representation of the thesis questionnaire survey implementation strategy.....	112
Figure 5.1- Montalvo's empirical behavioral model for the engagement in environmental innovative behavior (eco-innovation) within corporate decision-making processes.....	136
Figure 5.2- The adapted empirical, behavioral model based on the Theory of Planned Behavior and the "Sectoral System of Innovation" framework for predicting and explaining companies' engagement in eco-innovation activities in green chemistry.....	140
Figure 5.3- Attitude behavioral domains that predict and explain firm's willingness to innovate in Green Chemistry and Green Engineering.....	145
Figure 5.4- Social factors behavioral domains to predict and explain firm's willingness to innovate in Green Chemistry and Green Engineering.....	150
Figure 5.5- The Hierarchical relations between behavioral achievement and behavioral intentions and the perceived behavioral control as stated by the TPB.....	168
Figure 5.6- Perceived behavior control behavioral domains that may predict and explain firm's willingness to innovate in Green Chemistry and Green Engineering.....	170
Figure 5.7- Hierarchical levels and hypotheses system of the behavioral model to predict and explain firms' willingness to innovate in Green Chemistry and Green Engineering.....	196

Figure 5.8- Research’s full structural descriptive behavioral operational model to predict and explain companies’ willingness to engage in eco-innovation activities that are based on Green Chemistry and Green Engineering .....	202
Figure 6.1- The terms, that describe the semantic differential scale scores in the questionnaire used in this research. ....	206
Figure 6.2- Willingness of questionnaire respondents to engage in GCE-based eco-innovation processes in the next five years within their company. ....	206
Figure 6.3- Results of this thesis research’s survey concerning the perception of managers’, in the Brazilian petrochemical sector, in respect to the environmental risks posed by their companies’ operations. ....	208
Figure 6.4- Results of this thesis research’s survey concerning the perception of managers’, in the Brazilian petrochemical sector, in respect to the economic risk and business opportunities relative to eco-innovation processes .....	211
Figure 6.5- Results of this thesis research’s survey concerning the perception of managers’, in the Brazilian petrochemical sector, in respect to the social pressures related to companies’ adoption of cleaner and more sustainable products, processes and services .....	223
Figure 6.6- Results of this thesis research’s survey concerning the perception of managers, in the Brazilian petrochemical sector, in respect to their professional roles, to the personal norm (moral obligation) and to their self-identity regarding to their environmental conduct and their engagement in Green Chemistry and Green Engineering based eco-innovation processes .....	230
Figure 6.7- Scales used to assess the perceived behavioral control relative to knowledge and technologies .....	238
Figure 6.8- Scales used to assess the perceived behavioral control relative to actors and networks .....	246
Figure 6.9- Scales used to assess the perceived behavioral control over innovation related institutions.....	248
Figure 6.10 – Planned behavior of the companies in the Brazilian petrochemical sector regarding their engagement in eco-innovation processes based in the Green Chemistry and Green engineering .....	249
Figure 7.1– The thesis research model’s behavioral domains explanatory weight regarding companies’ willingness to engage in GCE-based eco-innovation processes in the companies of the Brazilian petrochemical sector .....	263
Figure 7.2– Results of willingness simulations regarding the attitude domain.....	270
Figure 7.3- Results of willingness simulations regarding the social and personal behavioral domains .....	272
Figure 7.4- Results of willingness simulations regarding the behavioral control domain .....	274
Figure 7.5– Overall view of all simulation scenarios and their respective results presented in the ascending order of contribution to willingness enhancement (West) relative to the baseline scenario (BLS) .....	276
Figure 7.6– Risk perception policy strategy proposed in this thesis research to shift managers’ perception from companies’ safe to risky operations .....	283
Figure 7.7- Green Chemistry principles in use in the surveyed Brazilian petrochemical companies .....	321
Figure 7.8- Green Engineering principles in use in the surveyed Brazilian petrochemical companies .....	321
Figure 7.9- The correspondence of the path to a successful program of behavioral change with the Theory of Planned Behavior .....	347
Figure 7.10- Implementation of Green Chemistry and Green Engineering: the main agents, mechanisms and their inter-relationships .....	365
Figure 8.1- Companies’ willingness to eco-innovate in GCE as perceived by companies’ top and mid-level managers and key decision-makers as evidenced by this research’s quantitative research.....	373
Figure 15.1- Hierarchical level of respondents.....	421
Figure 15.2- Respondents’ main activity .....	421
Figure 15.3- Class of petrochemicals manufactured by the surveyed companies .....	421
Figure 15.4- Location of the surveyed company .....	422
Figure 15.5- Global dimension of the surveyed companies .....	422
Figure 15.6 - Surveyed companies’ exports as a percentage of the total production .....	422
Figure 15.7- <i>Surveyed companies’ export markets</i> .....	423
Figure 15.8- <i>Surveyed companies’ sources of product innovation</i> .....	423
Figure 15.9- Surveyed Companies’ Sources of Process Innovation.....	423
Figure 15.10- Surveyed companies’ focus of products/processes innovation.....	424
Figure 16.1- The relations of knowledge and actors in eco-innovation processes along the production chain .....	441

Figure 17.1- An overview of Sustainability and Sustainable Development aspirations according to the Board on Sustainable Development of the Policy Division of United States National Research Council ..... 457

Figure 17.2- Hierarchical relations of the physical and economic systems in relation of matter and energy exchange ..... 462

Figure 17.3- Sources and Sinks of Materials and Energy in the Global Ecosystem ..... 464

Figure 17.4- The dimensions of sustainability and their interrelations according to Paul Ekins ..... 466

## List of Tables

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Table 1.1- Most important players in the world chemical and petrochemical industries (in net sales 2008) .....	16
Table 1.2- The structure that was used to guide this study on the determinants of Green Chemistry and Green Engineering-based eco-innovation in the Brazilian petrochemical sector .....	23
Table 2.1- The grand challenges for advanced states of sustainability in the chemicals processing industry and current research needs .....	34
Table 2.2- The Twelve Principles of Green Chemistry .....	41
Table 2.3- United States Presidential Green Chemistry Awards winners by technology (1996-2010) .....	44
Table 2.4- The Twelve Principles of Green Engineering .....	47
Table 3.1- Theoretical and intellectual traditions supporting the SSI framework.....	65
Table 4.1- Thesis research behavior definition is based upon the criteria established by the Theory of Planned Behavior.....	89
Table 4.2- Guidelines developed for pretesting the web survey's questionnaire content and the e-instruments used for its implementation .....	111
Table 4.3- The minimum $R^2$ that can be considered statistically significant at a power of 0.80 for diverse number of independent variables and sample sizes .....	127
Table 5.1- The statement used, in the questionnaire as a direct measure pertaining to the attitude towards innovation in Green Chemistry and Green Engineering. (The complete questionnaire is in Appendix E) .....	145
Table 5.2- Behavioral beliefs and the questionnaire item used to assess organization leader's perceptions related to the environmental risks associated with their companies' activities. ....	146
Table 5.3- Behavioral beliefs used to assess organization's leaders' perceptions related to the economic risks associated with innovating in Green Chemistry and Green Engineering.....	148
Table 5.4- The statement used in the questionnaire pertaining to the perceived economic risk. (The complete questionnaire is in Appendix E) .....	149
Table 5.5- The question in the questionnaire used as a direct measure of the perceived pressures arisen from the social factors domain. (The complete questionnaire is included as Appendix E).....	150
Table 5.6- Social normative beliefs used to assess organizations leaders' perceptions regarding the market pressures associated with the adoption of cleaner products and production processes. ....	154
Table 5.7- The statement used in the questionnaire pertaining to the perceived market pressures. (The complete questionnaire is in Appendix E) .....	154
Table 5.8- Social normative beliefs used to assess organizations leaders' perceptions related to the community pressures associated with the adoption of GCE-based cleaner products and production processes. ....	156
Table 5.9- The question used in the questionnaire pertaining to the perceived community pressure. (The complete questionnaire is in Appendix E) .....	156
Table 5.10- Social normative beliefs used to assess organizations leaders' perceptions related to the regulatory pressures associated with the adoption of cleaner products and production processes. ....	157
Table 5.11- The statement (or question) used in the questionnaire pertaining to the perceived regulatory pressures. (The complete questionnaire is in Appendix E) .....	158
Table 5.12- Normative beliefs used to assess organizations leaders' perceptions related to their professional role associated with eco-innovation behaviors that are based on the principles of GCE. ....	160
Table 5.13- The statement used in the questionnaire pertaining to the organizations leaders' perceived professional environmental role. (The complete questionnaire is in Appendix E).....	160
Table 5.14- Personal normative beliefs used to assess organizations leaders' perceptions related to their moral obligations associated with eco-innovation behaviors that are based on the principles of GCE .....	164
Table 5.15- The statement used in the questionnaire pertaining to the organization's leaders' perceived moral personal norms towards the environment. (The complete questionnaire is in Appendix E) .....	164
Table 5.16- Self-identity beliefs used to assess organizations leaders' perceptions related to their positive identification with environmental causes and with eco-innovative behaviors. ....	166
Table 5.17- The statement used in the questionnaire pertaining to the organizations leaders' perceived self-identity towards the environment and innovation. (The complete questionnaire is in Appendix E).....	167



Table 5.18- The statement used, as a direct measure, in the questionnaire pertaining to the perceived control over innovating in Green Chemistry and Green Engineering. (The complete questionnaire is in Appendix E) ...	171
Table 5.19- Behavior control beliefs used to assess organizations leaders' perceptions related to the accessibility to knowledge .....	172
Table 5.20- The statement used in the questionnaire pertaining to the organizations leaders' perceived control over the accessibility to knowledge. (The complete questionnaire is in Appendix E) .....	173
Table 5.21- Behavior control beliefs used to assess organizations leaders' perceptions related to technological opportunities. ....	174
Table 5.22- The question) used in the questionnaire pertaining to the organizations leaders' perceived control over technological opportunities. (The complete questionnaire is in Appendix E) .....	175
Table 5.23- Behavior control beliefs used to assess organizations leaders' perceptions related to the control over the appropriability of the benefits and the returns generated by innovation. ....	176
Table 5.24- The question used in the questionnaire pertaining to the organizations leaders' perceived control over the appropriability of the benefits and the returns generated by innovation. (The complete questionnaire is in Appendix E) .....	176
Table 5.25- Behavioral control beliefs used to assess organizations leader's perceptions related to the control over the learning processes that can help companies to engage in eco-innovation processes .....	179
Table 5.26- The question used in the questionnaire pertaining to the organizations leaders' perceived control over the learning processes. (The complete questionnaire is in Appendix E) .....	179
Table 5.27- Behavior control beliefs used to assess organizations' leader's perceptions related to the control over the companies' technological capabilities that can help companies to engage in eco-innovation processes .....	181
Table 5.28- The question used in the questionnaire pertaining to the organizations leader's perceived control over the companies' technological capabilities. (The complete questionnaire is in Appendix E) .....	182
Table 5.29- Behavior control beliefs used to assess organizations leader's perceptions related to the control over the companies' organizational capabilities that can help companies to engage in eco-innovation processes .....	185
Table 5.30- The statement used in the questionnaire pertaining to the organizations' leaders' perceived control over the companies' organizational capabilities. (The complete questionnaire is in Appendix E) .....	186
Table 5.31- Behavior control beliefs used to assess organizations leader's perceptions related to the control over the actors and networks that are required for the companies to engage in eco-innovation activities. ....	190
Table 5.32- The statement used in the questionnaire pertaining to the organizations' leaders' perceived control over the actors and networks. (The complete questionnaire is in Appendix XX) .....	191
Table 5.33- Behavior control beliefs used to assess organization's leader's perceptions related to the control over the institutional set that can support innovation processes .....	193
Table 5.34- The question used in the questionnaire pertaining to the organizations leaders' perceived control over the institutional set. (The complete questionnaire is in Appendix E) .....	193
Table 5.35- System of hypotheses that were used to test the links between beliefs and perceptions at the domain level and the perceptions to the willingness to eco-innovate at the firm level .....	197
Table 6.1- Profile of the hierarchical levels and of the main activities of the surveyed managers .....	205
Table 6.2- Questions of the thesis research's questionnaire used to assess managers' perception of environmental risk .....	207
Table 6.3- Detailed representation of the assessment of this thesis research's survey in respect to the managers' environmental risk perception.....	209
Table 6.4- Beliefs and that were used to assess the economic risks of innovating in GCE .....	211
Table 6.5- Detailed representation of the results of this thesis research's survey in respect to the managers' perceptions of economic risk and business opportunities in respect to GCE-based eco-innovation .....	212
Table 6.6- Detailed representation of the results of this thesis research's survey results in respect to the managers' perceptions of appropriability of the benefits of CGE based eco-innovation .....	213
Table 6.7- Detailed representation of the results of this thesis research's survey in respect to the managers' perceptions of the technological risks associated with GCE-based eco-innovation .....	214
Table 6.8- Detailed representation of the results of this thesis research's survey in respect to the managers' perceptions of the financial risks associated with GCE-based eco-innovation.....	215

Table 6.9- Possible sources of social pressure that might arise from the market in respect to the adoption, by companies, of cleaner and more sustainable technologies for their products, processes and services .....	217
Table 6.10- Detailed representation of the results of this thesis research’s survey in respect to the managers’ perceptions of the market pressures associated with companies’ adoption of cleaner and more sustainable technologies for products, processes and services .....	218
Table 6.11- Possible sources of social pressure that might arise from the community in respect to the adoption, by companies, of cleaner and more sustainable technologies for their products, processes and services .....	220
Table 6.12- Detailed representation of the results of this thesis research’s survey in respect to the managers’ perceptions of the community pressures associated with companies’ adoption of cleaner and more sustainable technologies for products, processes and services .....	221
Table 6.13- Possible sources of social pressure that might arise from the regulators, from the companies’ representative organizations and agreements in respect to the adoption, by companies, of cleaner and more sustainable technologies for their products, processes and services .....	222
Table 6.14- Detailed representation of the results of this thesis research’s survey in respect to the managers’ perceptions of the market pressures associated with companies’ adoption of cleaner and more sustainable technologies for products, processes and services. ....	222
Table 6.15- Possible sources of pressures that might arise from manager’s professional roles in respect to their engagement in Green Chemistry and Green Engineering-based eco-innovation processes.....	225
Table 6.16 - Detailed representation of the results of this thesis research’s survey in respect to the managers’ perceptions of their professional roles associated their engagement in Green Chemistry and Green Engineering based eco-innovation processes in the search for technologically more advanced and sustainable states .....	225
Table 6.17- Possible sources of perceived personal norm (moral) relative to the promotion of companies’ engagement in GCE-based eco-innovative activities .....	227
Table 6.18- Detailed representation of the results of this thesis research’s survey in respect to the influence of the personal norm (moral obligation) on managers’ pro-environmental and pro-active postures towards advanced states of sustainability .....	228
Table 6.19- Possible sources of managers’ perceived self-identity in respect to environmental issues, innovation and professional competence.....	229
Table 6.20- Detailed representation of the results of this thesis research’s survey in respect to managers’ social identity related to their identification with environmental sustainability issues and self-perception of responsibility and competence.....	229
Table 6.21- Possible sources of perceived behavior control over companies’ accessibility to knowledge .....	231
Table 6.22- Detailed representation of the results of this thesis research’s survey in respect to managers’ perceptions in respect to their companies’ accessibility to knowledge that may be required to eco-innovate in Green Chemistry and Green Engineering .....	232
Table 6.23- Possible sources of perceived behavior control over the technological opportunities that are required to eco-innovate in Green Chemistry and Green Engineering .....	233
Table 6.24- Detailed representation of the results of this thesis research’s survey in respect to managers’ perceptions regarding the technological opportunities that can facilitate their companies to eco-innovate in GCE .....	233
Table 6.25- Possible sources of perceived behavior control over the appropriability of the results of innovation processes .....	234
Table 6.26- Detailed representation of the results of this thesis research’s survey in respect to managers’ perceptions in respect to the appropriability of the results of eco-innovation processes.....	234
Table 6.27- Possible sources of perceived behavior control over knowledge cumulateness processes that may be necessary for companies’ engagement in eco-innovation processes.....	235
Table 6.28- Detailed representation of the results of this thesis research’s survey in respect to managers’ perceptions regarding the control over the knowledge cumulateness that is required for them to eco-innovate .....	236
Table 6.29- Possible sources of perceived behavior control over the availability of key internal actors holding key required capabilities to innovate .....	239
Table 6.30- Detailed representation of the results of this thesis research’s survey in respect to managers’ perceptions in respect to the availability of actors who hold key innovation capabilities .....	240

Table 6.31- Possible sources of perceived behavior control relative to the strategic alliances with external actors aimed at the development of eco-innovation processes .....	241
Table 6.32- Detailed representation of the results of this thesis research’s survey regarding managers’ perceptions associated with the strategic alliances with external actors .....	241
Table 6.33- Possible sources of perceived behavior control over the constitution of networks of collaboration aimed at the development of Green Chemistry and Green Engineering based cleaner products, processes and services .....	244
Table 6.34- Detailed representation of the results of this thesis research’s survey regarding managers’ perceptions relative to the networks of collaboration with external actors aimed at the development of eco-innovation processes. ....	244
Table 6.35- Possible sources of perceived behavior control relative to the current innovation related institutional set in which companies operate.....	246
Table 6.36- Detailed representation of the results of this thesis research’s survey regarding managers’ perceptions in respect to current innovation related institutional set .....	247
Table 6.37– Summary of the analysis of variance for the research’s behavioral model’s three levels of explanation according to the model’s construct validation criteria: the coefficient of determination, the dimension of the standard error of the estimate and the statistical significance of the model. ....	255
Table 7.1– Contributions of the behavioral domains to the willingness formation as indicated by the regression analyses.....	260
Table 7.2– Effects of changes in attitudinal behavioral domains on willingness to engage in GCE-based eco-innovation processes .....	269
Table 7.3- Effects of changes in social and personal behavioral domains on willingness to engage in GCE-based eco-innovation processes .....	271
Table 7.4- Effects of changes in social and personal behavioral domains on willingness to engage in GCE-based eco-innovation processes .....	273
Table 7.5– Overall view of all willingness simulation scenarios and their respective results presented in the ascending order of contribution to willingness enhancement (West) relative to the baseline scenario (BLS) ....	276
Table 7.6– Correlations between the social pressure behavioral domain and its associated scales with the knowledge and technologies and actors and networks behavioral domains .....	285
Table 7.7– Significant beliefs on the determination of social pressures to effect changes in behavior within the Brazilian Chemical Industry’s companies.....	286
Table 7.8- Significant beliefs in the determination of the perceived behavioral control relative to knowledge and technologies.....	288
Table 7.9- Significant beliefs in the determination of the perceived behavioral control relative to actors and networks .....	290
Table 7.10- Structure of the in-depth interviews conducted with company managers and other relevant decision-makers.....	292
Table 7.11- Manager’s perceptions and motivations regarding sustainability, sustainable development and green chemistry and green engineering .....	294
Table 7.12- Managers’ perceptions and motivations regarding the likelihood of companies’ adoption of the Green Chemistry and Green Engineering Frameworks for Undertaking Eco-Innovation Initiatives .....	296
Table 7.13- Managers’ degree of agreement with this thesis’ research findings and their perceptions of the findings contributions to companies’ knowledge on eco-innovation determinants and to the promotion of Green Chemistry and Green Engineering .....	299
Table 7.14- Managers’ perceptions and motivations regarding the importance of the contribution of this thesis’ research’s findings for the development, introduction and diffusion of eco-innovation policies at the sector and the company levels .....	303
Table 7.15- Managers’ perceptions and motivations regarding the importance and effectiveness of ABIQUIM and its “Responsible Care Program” in disseminating, supporting and fostering GCE in the Brazilian petrochemical sector .....	306
Table 7.16- Examples of companies’ advancement towards higher states of sustainability (moves beyond willingness to actualization).....	309
Table 7.17- Managers’ levels of agreement with and their perceptions regarding this thesis’ research recommendations for the development of Eco-Innovation policies .....	318

Table 7.18- Structure of the in-depth interviews conducted with managers of the Brazilian Environmental Protection Agencies .....	323
Table 7.19- Environmental agencies views on their past, current and planned future initiatives for promoting and influencing changes towards advanced states of companies' sustainability.....	325
Table 7.20- Views of the environmental protection agencies managers on the influence exerted by their organizations and by the prospect of future tighter legislation on companies' willingness to engage in eco-innovation processes .....	328
Table 7.21- Managers' perceptions of the possibilities of cooperation between the Environmental Protection Agencies and the petrochemical companies for promoting expedited progress towards sustainability.....	330
Table 7.22- Perceptions of the Environmental Protection Agency managers' of the power of their organization to influence, to pressure and to stimulate petrochemical companies to adopt more sustainable approaches for their products, processes and services.....	333
Table 7.23- Perceptions of the Environmental Protection Agencies' and their managers' willingness and preparedness to support and promote the implementation of GCE-based initiatives .....	335
Table 7.24- Perceptions of the willingness of the Environmental Protection Agency to promote cooperation initiatives with ABIQUIM to influence and stimulate GCE in the petrochemical sector.....	337
Table 7.25- Structure of the in-depth interviews conducted with the Brazilian Chemical Industry Association (ABIQUIM).....	339
Table 7.26- ABIQUIM's initiatives to influence and catalyze GCE-based activities regarding the adoption of technical and non-technical initiatives towards advanced states of sustainability.....	340
Table 7.27- Perceptions about the usefulness and contributions of this research's findings for the engagement of companies in GCE-based initiatives: the important catalyzing agents and the possible means .....	341
Table 7.28- Perceptions about the contributions of the findings of this thesis research to ABIQUIM's initiatives towards a more sustainable Brazilian petrochemical industry.....	342
Table 7.29- Perceptions about ABIQUIM's willingness to support and to promote the implementation of GCE: ABIQUIM's preparedness, importance of the Responsible Care Program, and stakeholders participation .....	343
Table 7.30- Perceptions about ABIQUIM's willingness to engage in cooperation initiatives with environmental protection agencies and other governmental and non-governmental organizations to promote GCE in the Brazilian petrochemical sector.....	344
Table 7.31- Perceptions about the extent to which the findings of this research and the frameworks of GCE can be helpful and can contribute to the innovation and sustainability-related objectives of the National Pact of the Brazilian Chemical Industry.....	345
Table 7.32- Detailed results of the answers in the thesis research' survey questionnaire that indicate a decrease in managers' willingness to engage in Green Chemistry and Green Engineering after they have been exposed to more detailed GCE information .....	350
Table 9.1- Results of the reliability calculation for this thesis research survey's questionnaire items .....	389
Table 10.1 Measure of sampling adequacy for factor analysis .....	390
Table 10.2- Explanation of the total variance of the three factors associated with willingness to engage in CGB eco-innovation processes at the behavioral domains' scales level .....	390
Table 10.3- Rotated component matrix of the principal component analysis at the behavioral domains' scales level.....	390
Table 10.4- Measure of sampling adequacy for factor analysis .....	391
Table 10.5- Explanation of the total variance of the three factors associated with willingness to engage in CGB eco-innovation processes at the behavioral domains level.....	391
Table 10.6- Rotated component matrix of the principal component analysis at the behavioral domains level .....	391
Table 11.1- Model summary (stepwise regression for $H_1$ ) .....	392
Table 11.2- ANOVA calculation results for $H_1$ .....	392
Table 11.3- Regression coefficients for $H_1$ .....	392
Table 11.4- Model summary (enter regression mode for $H_2$ ) .....	393
Table 11.5- ANOVA calculation results for $H_2$ .....	393
Table 11.6- Regression coefficients for $H_2$ .....	393
Table 11.7- Model summary (stepwise regression for $H_3$ ) .....	394
Table 11.8- ANOVA calculation results for $H_3$ .....	394
Table 11.9- Regression coefficients for $H_3$ .....	394

Table 11.10- Model summary (stepwise regression for H <sub>4</sub> ) .....	395
Table 11.11- ANOVA calculation results for H <sub>4</sub> .....	395
Table 11.12- Regression coefficients for H <sub>4</sub> .....	395
Table 11.13- Model summary (stepwise regression for H <sub>5</sub> ) .....	396
Table 11.14- ANOVA calculation results for H <sub>5</sub> .....	396
Table 11.15- Regression coefficients for H <sub>5</sub> .....	396
Table 11.16- Model summary (stepwise regression for H <sub>6</sub> ) .....	397
Table 11.17- ANOVA calculation results for H <sub>6</sub> .....	397
Table 11.18- Regression coefficients for H <sub>6</sub> .....	397
Table 11.19- Model summary (stepwise regression for H <sub>7</sub> ) .....	398
Table 11.20- ANOVA calculation results for H <sub>7</sub> .....	398
Table 11.21- Regression coefficients for H <sub>7</sub> .....	398
Table 11.22- Model summary (stepwise regression for H <sub>8</sub> ) .....	399
Table 11.23- ANOVA calculation results for H <sub>8</sub> .....	399
Table 11.24- Regression coefficients for H <sub>8</sub> .....	399
Table 11.25- Model summary (stepwise regression for H <sub>9</sub> ) .....	400
Table 11.26- ANOVA calculation results for H <sub>9</sub> .....	400
Table 11.27- Regression coefficients for H <sub>9</sub> .....	400
Table 11.28- Model summary (stepwise regression for H <sub>10</sub> ).....	401
Table 11.29- ANOVA calculation results for H <sub>10</sub> .....	401
Table 11.30- Regression coefficients for H <sub>10</sub> .....	401
Table 11.31- Model summary (stepwise regression for H <sub>11</sub> ).....	402
Table 11.32- ANOVA calculation results for H <sub>11</sub> .....	402
Table 11.33- Regression coefficients H <sub>11</sub> .....	402
Table 12.1- Correlation analysis for the behavioral domain scales (behavioral model's second level of explanation) .....	403
Table 12.2- Correlation analysis for the direct measures of the behavioral domains (behavioral model's third level of explanation) .....	403
Table 16.1- Operational eco-innovation definitions that underpin this thesis research .....	443
Table 16.2- Classification of eco-innovating firms according to the Mei Project .....	445
Table 16.3- Classification of eco-innovation according to Carrillo-Hermosilla, Gonzalez and Konnola .....	446
Table 16.4- Classification of eco-innovation according to the MEI project .....	447
Table 16.5- Classification of eco-innovation according to the Organization for Economic Co-operation and Development (OECD) .....	448
Table 16.6- Eco-innovation classification according to Maj Munch Andersen.....	449

## LIST OF Boxes

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Box 2.1- United States Presidential Green Chemistry Awards ' focus areas.....	43
Box 7.1- Procedure that was used to simulate the best conditions for enhancing companies' willingness to engage in GCE-based eco-innovation processes.....	268
Box I.1- Two major positions on the entropy law and the economic process according to Frank C. Krysiak .....	465

## Acronyms and Abbreviations

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:	Page citation
$\alpha$	Cronbach alpha
$\sum ak_b$	Scale to assess perceived access to knowledge
$\sum app_b$	Scale to assess perceived appropriability <sup>1</sup> of innovation
$\sum avc_b$	Scale to assess perceived availability of actors holding key capabilities
$\sum cmt_b$	Scale to assess perceived knowledge cumulateness
$\sum cp_b$	Scale to assess perceived community pressure
$\sum ecr_b$	Scale to assess the perceived economic risk and business opportunity
$\sum evr_b$	Scale to assess perceived environmental risks
$\sum inst_b$	Scale to assess perceived institutions
$\sum mp_b$	Scale to assess perceived market pressure
$\sum nwc_b$	Scale to assess perceived networks of collaboration
$\sum pn_b$	Scale to assess perceived personal norm pressure
$\sum rlp_b$	Scale to assess perceived professional roles pressure
$\sum rp_b$	Scale to assess perceived regulatory pressure
$\sum sac_b$	Scale to assess perceived strategic alliances with external actors
$\sum si_b$	Scale to assess perceived self-identity pressure
$\sum to_b$	Scale to assess perceived technological opportunities
$\alpha$	Proportionality between two scores
A	Attitude towards the behavior
ABIQUIM	Brazilian Chemical Industry Association
$ak_b$	<i>bth</i> belief of perceived access to knowledge
AN	Actors and networks
$app_b$	<i>bth</i> belief of perceived appropriability of innovation
$avc_b$	<i>bth</i> belief of perceived availability of actors holding key capabilities
BLS	Baseline scenario
BRIC	Refers to Brazil, Russia, India and China: a group of countries with emergent economies
CCPA	Canadian Chemical Producers Association
CGE	Green chemistry and green engineering
$cmt_b$	<i>bth</i> belief of perceived knowledge cumulateness
$cp_b$	<i>bth</i> belief of perceived community pressure
ECR	Economic risk and business opportunities
$ecr_b$	<i>bth</i> belief of perceived economic risk and business opportunity
EPA	Environmental Protection Agency
EV	Expectancy value model
EVR	Environmental risk perception
$evr_b$	<i>bth</i> belief of perceived environmental risks

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<sup>1</sup> This word, although not included in a standard dictionary, is used in the literature of technological innovation to denote the capacity to appropriate the benefits derived from an innovative activity (Montalvo Corral, 2002: 110), and will be used in this research.

F	Statistical F test to identify if the model best fits the population from which the data were sampled
GPS	Global Product Strategy
ICCA	The International Council of Chemical Associations
INST	Institutions
inst <sub>b</sub>	<i>b</i> th belief of perceived institutions
ISO	International Organization for Standardization
KTC	Knowledge and technologies
LCA	Life Cycle Analysis
MERIT	Maastricht Economic Research Institute Innovation Technology
mp <sub>b</sub>	<i>b</i> th belief of perceived market pressure
NAS	National Academy of Sciences
nwc <sub>b</sub>	<i>b</i> th belief of perceived networks of collaboration
OECD	Organization for Economic Co-operation and Development
PBC	Perceived behavioral control
PN	Personal norm pressure
pn <sub>b</sub>	<i>b</i> th belief of perceived personal norm pressure
PSFP	Perceived social factors pressure
R&D	Research and development
R <sup>2</sup>	Coefficient of determination
RCP	Responsible Care Program
RLP	Professional roles pressure
rlp <sub>b</sub>	<i>b</i> th belief of perceived professional roles pressure
rp <sub>b</sub>	<i>b</i> th belief of perceived regulatory pressure
RTC	Rational Choice Theory
S	Sustainability
sac <sub>b</sub>	<i>b</i> th belief of perceived strategic alliances with external actors
SD	Sustainable development
SE	Standard error
SI	Self-identity
si <sub>b</sub>	<i>b</i> th belief of perceived self-identity pressure
sig	Statistical significance
SP	Social pressure
SSI	Sectoral System of Innovation
TIB	Theory of Interpersonal Behavior
to <sub>b</sub>	<i>b</i> th belief of perceived technological opportunities
TPB	Theory of Planned Behavior
TRA	Theory of Reasoned Action
UNEP	United Nations Environmental Programme
USEPA	United States Environmental Protection Agency
W	Willingness to innovate in Green Chemistry and Green Engineering
WBCSD	World Business Council for Sustainable Development



# 1. Introduction

---

“The world needs more chemistry. Our science has brought remarkable progress to society—and created problems along the way. Yet today’s chemists are the key to solving environmental problems. Looking forward, the challenge is to discover additional pathways to chemical products and processing which will enhance and sustain the quality of life around the world.” (J. Lawrence Wilson)<sup>2</sup>

The conception, development and implementation of technological change towards advanced states of sustainability of its products, processes and services, in the Brazilian petrochemical sector, has not been and does not represent an easy achievement. The contextual factors of many different natures represent influential determinants for such changes. Identifying significant determinants of Brazilian petrochemical companies’ willingness to engage in Green Chemistry and Green Engineering-based eco-innovation processes represents a contribution to the long journey towards the development of the next generation of a more environmentally benign petrochemical sector.

At the onset of this thesis research, the author expressed his expectation to contribute to the solution of the dilemma that was highlighted by the Committee on Grand Challenges for Sustainability in the Chemical Industry, which was convened by the United States National Academy of Sciences. It concluded, in its December 2005 report, that in “going forward, the chemical industry is faced with a major conundrum, the need to be sustainable (balanced economically, environmentally, and socially in order to not undermine the natural systems on which it depends), and the lack of a more coordinated effort to generate the science and technology to make it all possible” (Wilson *et al.*, 2006, 52).

## 1.0 Societies versus the Chemical Industry: a Long Standing Environmental Debate

For more than a century, the petrochemicals manufacturing industry has occupied a central role in socio-economic domains of western societies. It is virtually impossible to conceive of contemporary and envisioned future societies, in the developed and developing economies, without the presence of the chemical industry and its related contributions to the socio-economic development and welfare of nations and people.

Unfortunately, the chemical industry has also caused significant disasters globally. Its other face emerges from the sector’s unfavorable characteristics of being a major biosphere-polluting agent<sup>3</sup> and from its reliance on the use of finite nonrenewable natural resources as sources of materials and energy inputs for its production processes.

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<sup>2</sup> Wilson, J.L. (1996), *Synergy* (editorial), *Chemical and Engineering News*, June, 3<sup>rd</sup>, American Chemical Society (cf. Vision 2020, 2001).

<sup>3</sup>“Biosphere: irregularly shaped envelope of the earth’s air, water, and land encompassing the heights and depths at which living things exist. The biosphere is a closed and self-regulating system, sustained by grand-scale cycles of energy and of materials—in particular, carbon, oxygen, nitrogen, certain minerals, and water. The fundamental recycling processes are photosynthesis, respiration, and the fixing of nitrogen by certain bacteria. Disruption of basic ecological activities in the biosphere can result from pollution”. (The Columbia Encyclopedia, Sixth Edition. Columbia University Press. 2004).

These characteristics, in association with the dominant capitalist tenets and practices of constant expansion and continuous growth, in a world of limited resources, have generated conflicts with the broad, socio-environmental interests of societies. Additionally, these production practices and the current technological regimes also put the petrochemical sectors' long-term survival at risk by depleting the ecological, human, social and organizational capitals that are basic and essential for its functioning and survival.

As a result, a longstanding debate was started in the late 1960s in the political, academic, governmental and broad societal spheres with regard to a variety of issues, which were enveloped within the sustainability (S) and sustainable development (SD) debate. Such topics included the limits to economic growth and the interactions and interdependence between industry and the environment. The debates also included discussions over the use of economic development models that take into consideration the depletion of natural resources, the resilience capacity of the environment, the finitude of the natural capital, the limitations imposed by biophysical laws, and societal wellbeing (Georgescu-Roegen, 1971, Jiménez Herrero, 2001). A complementary reading on these issues as well as some views on environmental sustainability in the industrial sector and the importance of greener production processes are presented in Appendix I.

“Development of *what*? Development for *whom*? Development of every man and woman—of the whole man and woman—and not just the growth of things, which are merely means. Development geared to the satisfaction of needs beginning with the basic needs of the poor who constitute the world's majority; at the same time, development to ensure the humanization of man by the satisfaction of his needs for expression, creativity, conviviality, and for deciding his own destiny” (*Dag Hammarskjöld Foundation, 1975: 9*).

This debate produced global sustainability aspirations that have their foundations on the change of societal perceptions that grew as a product of four decades of observation and discussions. Such perceptions led societies to a clearer view of the interrelations between the socio-economic and the ecological-environmental processes that, according to Jiménez Herrero (2001), are grounded on:

- a) The perception of a global environmental change dynamics (planetary scale), motivated mainly by human actions based on economic nature that are supported by a dominant and unsustainable system;
- b) The reaction and strategic adaptation of the socioeconomic system, in harmony with the dominant economic forces and interests, to the global environmental planetary and social changes generated by themselves;
- c) The beginning of a structural transformation process which now appears in the integration between environment and development and between economy and ecology under a common platform of global sustainability; and
- d) The visualization of a paradigmatic change in what the environmental (economic and social) challenges are concerned (new paradigms), as well as changes in the conventional theories related to development and economy fully incorporating the SD and ecological economy concepts.

In this context, the societal perception of the chemical sector as a major polluter and natural nonrenewable resources consumer generated strong disputes and tensions between societies, the chemical industries and governments.

After about forty years of disputes and pressures, the evolution of knowledge and the understanding of the severity of the impacts of the chemical industry on the biosphere and on the socio-economic realm have changed the perception of the chemical industrial sector with regard the relations between the industry and societies' long term socio-environmental aspirations. Currently, there are many signs that the sector acknowledges the need for cleaner and more sustainable (environmentally, socially and economically) products, processes and systems.

Currently, the major chemical companies' and chemical industry trade associations' web pages or their official declarations of intentions towards societal relations and wellbeing, display their commitment to S and SD. Besides statements on economic and market issues, they profess their commitment to environmental and social causes as core values in their business. This reflects not only on their desire for business success and perpetuation, but it also reveals a search for societal legitimacy and acceptance *via* a tacit societal license to operate, which is primarily based on environmental, ethical and moral values.

Without it, it is extremely difficult for a corporation to endure in modern societies since, besides the tangible costs associated with legal litigations and with environmental protection, companies are also affected in the concealed intangible costs that are represented by their market values, such as their image, which is of uppermost value.

Companies' image and reputation<sup>4</sup> are of intangible value and have direct impact in one of the most precious corporate assets: their brand. The lack of societal credence makes companies extremely vulnerable (ENDS, 2005). Today, societies expect companies to take legal and moral responsibility for their negative environmental impacts. It is important to remark that, once negative environmental impacts are widespread in obvious or in latent forms, they can have vast impacts for very long periods. This has profound effects on the environmental and socio-economic space and may deeply affect the continuity of the chemical industry.

### **1.1 Innovating in Green Chemistry and Green Engineering: A Way to Reconciling the Petrochemical Industry's Interests and Societal Environmental Self-Interests**

Although the evolution of the petrochemical industry-society relations over socio-environmental issues has undisputedly occurred, there are signs that the promotion of satisfactory structural changes, at the company and sector levels, for the development of the next generation of chemical enterprises is still in its infancy. According to Montalvo Corral (2002), one of the core arguments that can explain such a lag between intention and pro-environmental<sup>5</sup> action is represented by the conflict between individual interests in the short term, with long-term individual and social interests.

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<sup>4</sup> Research has demonstrated that between 50 and 90% of a company's market value can be attributed to reputation and other intangibles (Blackburn, 2007).

<sup>5</sup> "Most cases of **environmental behavior** can be, based on the knowledge of environmental science or ecology, judged according to their impact on the environment, and labeled as environmentally friendly or unfriendly. (...) **Pro-environmental behavior** is such behavior which is generally (or according to knowledge of environmental science) judged in the context of the considered society as a protective way of environmental behavior or a tribute to the healthy environment" (Krajhanzl, 2010: 252. Bold added).

In this respect, the main argument of this thesis is that a clear understanding of the factors that can contribute to promoting behavioral changes, related to the preservation of the environment and the creation of economic and social welfare, represents a powerful approach in helping planners and decision-makers to foster the industrial transition processes to more sustainable states

In the extensive universe of possibilities that can help to promote the convergence of industry's and societies' broad self-interests regarding the environmental protection, this thesis researcher explored the identification of important contextual determinants of pro-environmental behavior that can explain why firms might leave well-established routines and switch to highly uncertain technological innovation processes. That is, a change from current consolidated technological regimes to the development of new ways of producing goods and services, which are socially, environmentally and economically more sustainable.

### **1.1.1. Environmental and Socio-Economic Sustainability of the Industrial Sector: Why to Intervene and Promote Technological Changes in the Production Processes**

Section 1.1.1 presents an analysis of some of the connections and aspects involved in the relationships between the industrial (petrochemical) sector and its surrounding environmental, social and economic landscapes.

It centers the analysis on the sector's environmental sustainability and sustainable development, at its core activity (i.e. product synthesis) represented by the production processes.

This allows for a justification of the importance of the continuous promotion of innovation and technological changes in the petrochemical domain. These changes are essential for the development of cleaner and environmentally and economically more sustainable products and production processes.

By placing the production processes at the center of the analysis, this section was designed to show the extent to which it influences and is influenced by the various types of variables (environmental and socio economic capitals) involved in the creation of economic and social welfare and utility.

### **The Relationships between the Industry's Production Processes, Welfare Creation and Sustainability**

The size of the chemicals market, the chemical industry's strategic importance, its intrinsic capacity to fulfill societies' material needs, its power of generating and maintaining millions of direct and indirect jobs worldwide, and its capacity of generating revenues, make it a solid, vigorous, economically and politically powerful business worldwide. A collapse of or a strong decay in the chemicals industry's activities could generate enormous socio-economic problems.

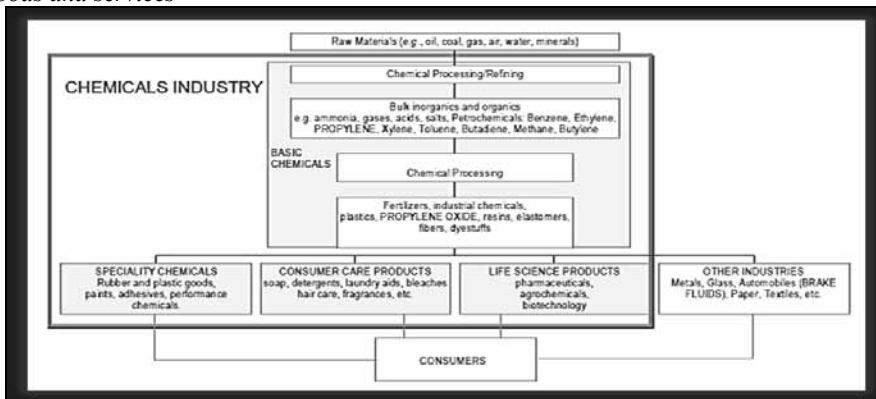
Nevertheless, besides its evident social, economic and political power and its importance, the industry has two vulnerable points that constitute threats not only to its economic sustainability but also for the sustainability of the environment and societies: (a) its dependence on nonrenewable materials and energy sources and (b) its present extensive

environmental polluting power and the negative impacts upon human health, upon the economy and upon the biosphere as a whole as a consequence of its operations.

Figure 1.1 provides an overview of the chemical and petrochemical industries' materials flows from raw materials through consumer goods.

Without making much consideration about the industry's current material recycling capacity and potentialities, it can be argued that its activities are sensitive to unbalances and decays in quantity (availability) and quality of natural feedstock's inputs.

Figure 1.1- Overview of the chemical industry from raw materials through to consumers goods and services



Source: OECD (2001: 23)

This indicates that sustainability and sustainable development issues in the chemicals industry apart from its relations to employment and other socio-economic, legal, ethical etc. aspects, it is dependent on:

- a) The capacity of nature of providing feedstock and energy sources of renewable character;
- b) The biosphere's capacity to absorb the industry's residues and
- c) The industry's capacity of not polluting and destroying the biosphere's life support systems.

One way that is useful for the clarification and for the understanding of this mutual dependency is to observe the influences, the behavior and the relationships (feedback loops) of the environmental and socio-economic variables in the light of economic and social welfare and utility creation by the sector's productive and service activities.

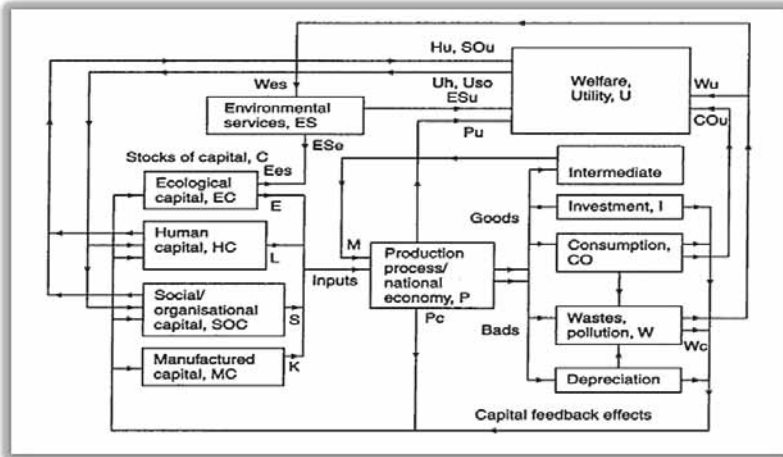
In this thesis, this was done *via* the use of the model that diagrammatically links a production function to a utility function. This model was proposed by Paul Ekins (2000) and is presented in Figure 1.2.

Ekins<sup>6</sup> (*ibid*), described the process of economic and social welfare and utility creation in terms of the linear and feedback cause and effect relations between the stocks of the

<sup>6</sup> The description of the model, used in this section, was extracted from Ekins (2000: 52 through 56)

different capitals and flows of services that are inputs to the production processes. Social welfare and utility are also described in terms of the stocks and flows that are generated as outputs of these processes.

Figure 1.2- Welfare and utility creation process by the industrial production processes according to Paul Ekins



Note: In the flow descriptors, the upper case letters denote the source of flow, the lower case letters denote destination. (Ekins, 2000: 53)

Source: Ekins (2000)

Each relationship and feedback presented in the model constitutes a part of a system of complex interactions between different variables. In order to maintain this exposition at a simple level and to attain the objectives of this discussion, a linear analysis of these relationships between these variables (represented as letters in the diagram) was conducted by Ekins (2000) and is presented in the following paragraphs.

It is useful to note that, with regard to matter, energy and entropic states, Ekins (*ibid*) is in agreement with Daly (1987), Georgescu-Roegen (1971), Hueseman (2003), McMahon and Mrozek (1997) and Smoulders (1995) about the limitations imposed by the biophysical laws (e.g. the first and second laws of thermodynamics) to economic growth and about the hierarchal relations between the economy and the environment.

He argued that the system depicted by the model can be regarded as a closed system, *i.e.* there is the absence of matter exchange through the system's boundaries at the same time that energy flows, received from the sun, permeate these boundaries and heat is radiated back into space. High-grade energy (low entropy) that is used as input into the production will emerge as low-grade energy (high entropy).

According to Ekin's model, the creation of welfare and utility by the production processes depend on the stocks of four different capitals and on the contribution of the intermediates generated by the production processes. Each of them provides flows of services that are used as inputs to the production processes in the following manners (cf. Figure 1.2):

- **Ecological capital (EC)** - provides three sets of environmental services. Two of them have direct influence on the production processes. The first (*E*), provides

resources (raw materials) for production and the second provides the capacity for the absorption/transformation of wastes (*Wc*). Where these wastes add to improve the stock of ecological capital (e.g. through recycling), they can be regarded as investment in such capital. “The third type of environmental functions (or services) does not contribute directly to the production, but it is also very important because it provides the basic context and conditions within which production is possible at all” (*ibid*: 54). This third class of services is produced directly from the environmental capital independently of the human activities but it is surely affected by them. They comprise the basic environmental services (*ES*) that include “survival services” (e.g. climate and ecosystem stability, ozone layer protection against ultra-violet radiation from space etc.) and “amenity services” that provide beauty of wild areas and other natural areas.

- **Human capital (*HC*) and human capital services (*L*)** - represent the human’s capacities for work and can be seen to include aspects such as knowledge, skills, health and motivation;
- **Social/organizational capital (*SOC*) and services (*S*)** – comprise the network of organizations through which the individuals’ contributions are coordinated. While human capital is intrinsically related to the human associated issues (e.g. characteristics, capabilities, perceptions, beliefs etc.) social and organizational capital is associated with the way they interact.
- **Manufactured capital (*MC*) and services (*K*)**- represent the material assets (e.g. machines, buildings, infrastructure) that contribute to the production processes but are not embodied in the outputs and are usually consumed in periods of time greater than one year; and
- **Intermediates (*M*)** - represents outputs from other processes that are used as inputs in subsequent processes. They are either embodied in the outputs (e.g. plastics, metals etc.) or are immediately consumed in the production processes (e.g. fuels).

According to Ekins (*ibid*), the outputs of the production processes have favorable and unfavorable sides. This can be understood by observing their influences and effects upon the environment, humans, organizations, societal assets and on economic and social welfare and utility. According to Figure 1.2, outputs generated by the production processes are categorized as “goods” (desired) and “bads” (undesired).

Under the heading of “goods”, it can be found the desired outputs from the production processes as well as positive externalities associated with them. The “goods” are comprised of Consumption (*CO*), Investments (*I*) and the Intermediates (*M*) that are used as inputs to other subsequent processes in the economy. Note that, although consumption promotes a direct contribution to welfare (*COu*) it also has its downside in the extent that consumption (*CO*) generates pollution and wastes.

The undesired outputs from the production processes (*P*) that cause negative environmental, social and economic impacts represent the “bads”. They are comprised of the unfavorable and undesired outputs as well as of any negative externalities, associated with them that contribute to the environmental decay and represent threats to human health, economy and welfare. They are presented in Ekins’ model as depreciation and as the wastes (*W*) generated by the production processes. In parallel, “bads” can be considered negative investments because they negatively affect the capital stocks.

It is important to note that these outputs, “goods” and “bads”, have direct influences on the ecological (*EC*), human (*HC*), social/organizational (*SOC*) and manufactured (*MC*) capitals *via* the establishment of circular flows (feedback loops).

In relation to the environment, the disposal of the “goods” and “bads” outputs incur in their return to the ecological capital (*EC*), where they may have positive, negative or neutral effects on the environmental services (*ES*).

The influences related to the generation of wastes can directly affect economic and social welfare and utility (*Wu*) by the production of undesired aspects (pollution, heat, noise etc.) or indirectly (*We*) by:

- Reducing the productivity of the environmental resources (*EC*) and affecting the environmental services (*Wes*). This promotes the unbalance in the circular relations of the ecological capital services (*Ees*) and the environmental services (*ESe*);
- Affecting the social/organizational capital (*SOC*);
- Damaging the human capital (*HC*) *via* threats to human health, and
- Promoting decays to manufacturing capital (*MC*) by damaging material assets.

It is also important to note that, besides the contributions from the work processes (*Pu*), from consumption (*COu*) and from the environmental services (*ESu*) in the development of economic and social welfare, it is important to note that it is also a function of social and organizational structures (*SOu*) (e.g. family, organizations etc.). Social and organizational aspects are, in turn, affected reciprocally by the level of the individuals’ welfare (*Uso*).

Human and social capital stocks are also sensitive to the outputs from the work process (*Pc*). According to Ekins (*ibid*: 55), human capital and welfare also relate in a reciprocal fashion: “a happy worker will be more productive (*Uh*) and a healthy worker will be happier as well as more productive (*Hu*)” (*ibid*: 55).

In conclusion, it can be argued that Ekins’ (2000) model provided a good view of the roles, the influences, and the relations of the production processes with the environmental and socio-economic variables that are central to the industry’s sustainability. Additionally, it clarified the relationships of the diverse variables within the industrial-societal domain, such as the production processes, and the associated social, economic and organizational elements. These elements provide opportunities to intervene in order to promote the eco-innovative technological and managerial changes that are essential to achieve greener and more sustainable technologies, products and services in order to help society to make progress toward sustainable development.

### **Cleaner Products and Process Technologies within the Production Processes: an Important Contribution to the Industrial, Societal and Environmental Sustainability**

Ekins’ (*ibid*) model (system) provided a conceptual base for the understanding of the importance of the production processes in societal welfare creation. It was equally useful for enhancement of the understanding of how the involved feedbacks (positive and negative) relations may produce advantageous and disadvantageous outcomes to the environment, to individuals and to the social structures in a chain of linear, non-linear and complex cause and effect relationships. It is important to note that this helps industrialists



and other stakeholders to better understand the dimensions and the mutual interactions of the production processes with environmental and socio-economic factors.

It is important to underscore that the analysis of Ekins' model explains and confirms the aforementioned perceptions regarding two central vulnerable points of the chemicals industry: the sector's dependence on nonrenewable materials and energy sources and its present polluting potential constitute threats to both the industry's as well as to societal sustainability.

A sustainable form of industrial development is intrinsically associated with industry's capacity to develop cleaner and more sustainable technologies for processes, products and services. They are required to be less polluting, less dependent upon nonrenewable sources of materials and energy at the same time that they must become increasingly eco-efficient, eco-effective<sup>7</sup> and be in harmony with socio-economic-environmental dimensions.

Based on Ekin's model, it can be argued that the promotion of technological changes aimed at production processes and upon products and services, in the chemicals industry, *via* the development and introduction of cleaner and more sustainable products and process technologies, is an important strategy to help to take industry to advanced states of sustainability.

Such advancements are expected to promote the creation of economic and social welfare and utility under conditions that can preserve and improve the environment and develop the social, organizational, human and manufactured capitals. As previously noted, this coincides with the core objective of this thesis researcher of identifying important variables (*inter alia* environmental, social, organizational, human, economic) that may represent drivers for companies in the Brazilian petrochemical sector to engage in eco-innovation activities. Such activities are intended to develop and to promote the acquisition and implementation of innovative cleaner and more sustainable technologies that are based on the principles of Green Chemistry and Green Engineering (GCE) (cf. Chapters 4 and 6).

GCE constitutes a way of doing chemistry and engineering in a more environmentally sustainable fashion (Anastas and Warner, 1998). According to the experts in the chemical industry, GCE represent very important routes and powerful approaches for meeting the petrochemical industry's environmental and economic sustainability challenges (National Academy of Sciences, 2006; Wilson *et al.*, 2006). The fundamentals of GCE that make them important for the "new" and more environmentally sustainable chemical industry and society are reviewed in Chapter 2.

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<sup>7</sup> For an explanation of the concepts of eco-efficiency and eco-effectiveness refer to notes 21 in Chapter 2, and note 67 in Chapter 4.

## **Innovating in Green Chemistry and Green Engineering: A Powerful and Viable Approach towards Advanced States of the Petrochemical Sector**

Among the many technological approaches and directions for technical change that have been proposed worldwide, this thesis research incorporated, as its *focus* of study, the promising approach proposed by the principles of Green Chemistry and Green Engineering (GCE) frameworks for the design of the synthesis of more benign chemicals, production processes and services.

“Green Chemistry is the design, development, and implementation of chemical products and processes to reduce or eliminate the use and generation of substances hazardous to human health and the environment. It is an innovative, non-regulatory, economically driven approach toward sustainability. The unequivocal value of Green Chemistry to the business and to the environment is illustrated through industrial examples. Green Chemistry must be recognized for its ability to address sustainability at the molecular level.” (Manley *et al.*, 2008: 743)

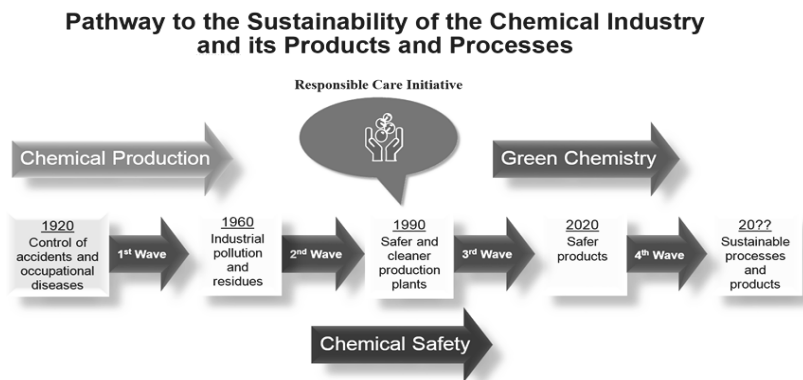
“Green Engineering, defined as the design of systems and unit processes that obviate or reduce the need for the use of hazardous substances while minimizing energy usage and the generation of unwanted by-products, is the next generation of environmental protection in chemical engineering.” (Anastas *et al.*, 2000b: 1)

In this respect, GCE represents design frameworks that provide guidance for companies to overcome one of the main problems in the chemical industry, which, according to ENDS (2005) is the failure to address the single most important step chemical companies can take to make their facilities less vulnerable to accidents and attack - using inherently safer chemicals and technology (ENDS, 2005).

The idea of developing of the next generation petrochemical sector, *via* the principles of Green Chemistry and Green Engineering (GCE), inexorably connotes the sense of something that has not yet been created nor developed. This work advocates that at this statement's most basic level resides the need for innovating. “The future cannot be predicted, but futures can be invented (Gabor, 1963: 18).

Figure 1.3 highlights how the Brazilian Chemical Industry Association places GCE in the journey to the sustainability of the chemical industry and its products and processes.

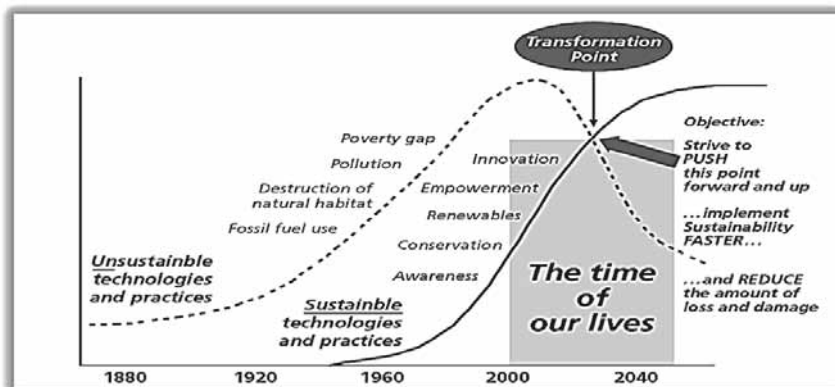
Figure 1.3- Pathway to the sustainability of the chemical industry's products and processes



Source: adapted from ABIQUIM<sup>8</sup>

Atkisson's (2010) "Hope Graph" (Figure 1.4) illustrates the aspirations towards eco-innovation and technological change that are part of the long journey in the direction of increasingly more advanced states of sustainability.

Figure 1.4- Alan Atkisson's hope graph towards sustainability



Source: Alan Atkisson (2010)

The promotion of technological change aimed at more advanced states of sustainability, via the engagement of companies in GCE-based eco-innovation activities belongs to the class of initiative that, according to Montavo Corral (2002: 2), "are problematic to implement at the societal level. If implemented at all, this occurs after the ideas overcome a long chain of resistance to change from individuals and organizations". In addition, there is a significant gap between the intent and its operationalization (*ibid*).

<sup>8</sup> Source: ABIQUIM

[https://www.google.com.br/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&ved=0CC4QFjAA&url=http%3A%2F%2Fwww.desenvolvimento.gov.br%2Farquivos%2Fdwnl\\_1295883074.ppt&ei=JsglUrCkDYPU8wSzt4DQCQ&usg=AFQjCNHV-oBef4nRZDBtn\\_OzeNzB0v8TvA&bvm=bv.52164340,d.eWU](https://www.google.com.br/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&ved=0CC4QFjAA&url=http%3A%2F%2Fwww.desenvolvimento.gov.br%2Farquivos%2Fdwnl_1295883074.ppt&ei=JsglUrCkDYPU8wSzt4DQCQ&usg=AFQjCNHV-oBef4nRZDBtn_OzeNzB0v8TvA&bvm=bv.52164340,d.eWU). Accessed in August 2013.

In the context of this thesis research, overcoming long chains of resistance to innovating in GCE and diminishing the cognition-action gap implies the promotion of changes. Such changes, towards sustainability, should be effected in the perceptions, beliefs<sup>9</sup>, and ultimately in the behavior of companies.

In this respect, the identification of variables (determinants) and conditions that can influence, explain and ultimately determine such behavioral changes must be based upon a robust theoretical framework. Such theoretical grounds should support the integration of the behavioral theory into the innovation domain and its associated theoretical grounds.

By understanding, predicting and explaining these influences on the development of companies' intention (willingness) to engage in GCE-based innovation processes aimed at promoting the sustainability of the companies and biosphere, it is expected that this work will contribute to diminish the "somewhat strange neglect of the behavioral aspects related to the innovation process" (Beckenbach and Daskalakis, 2008: 181).

In contrast to situations in which innovation is seen purely as an economic activity, this thesis research contributes to the field of behavioral economics, which "uses evidence of psychology and other disciplines to create models of limits on rationality, willpower and self-interest, and explores the implication in economic aggregates" (Camerer, 2006: 181).

## **1.2 The Behavioral Model and this Research's Qualitative Survey Questionnaire**

In order to systematize and operationalize the theoretical grounds that underpin this thesis objective to identifying the variables (determinants) and conditions that can influence, explain and ultimately determine companies' engagement in GCE-based eco-innovation processes, a structural descriptive behavioral model was proposed. It occupied a central place in the theoretical structure of this work by incorporating and intertwining several contributing theories that can help to explain the pro-behavioral intention formation.

The model, at its most basic level, merges the two main theoretical bodies of this thesis research: (a) Icek Ajzen's (1991) "Theory of Planned Behavior" (TPB), and (b) the Franco Malerba's (2002, 2004) Sectoral System of Innovation (SSI) framework. It also included elements of Harry C. Triandis' (1977) "Theory of Interpersonal Behavior" (TIB) and the concept of personal moral norms (Schwartz, 1977). The model represented a modified version of Montalvo Corral's (2002) TPB based structural descriptive behavioral model for explaining environmentally innovative behaviors (eco-innovations).

The TPB is a social psychology based behavioral theory in which the "true goal of the theory is explaining human behavior, not merely predicting it" Ajzen (1991: 189). The theory postulates that the behavioral intention is the immediate predecessor of actual

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<sup>9</sup> "Contemporary analytic philosophers of mind generally use the term "belief" to refer to the attitude we have, roughly, whenever we take something to be the case or regard it as true (...) Forming beliefs is thus one of the most basic and important features of the mind, and the concept of belief plays a crucial role in both philosophy of mind and epistemology". Schwitzgebel, E. (2006), *Belief*, in Edward N. Zalta (ed.), *The Stanford Encyclopedia of Philosophy*, Stanford, CA (<http://plato.stanford.edu/entries/belief/>). Accessed in October, 2012)

behavior performance. That is, the TPB framework postulates that performing a specific behavior is mediated by the behavioral intention.

The behavioral intention is in turn directly influenced by three behavioral constructs: attitudes (*A*), subjective norms (*SN*) and (*PBC*) perceived behavior controls. A specific behavior is considered explained once its determinants have been traced back to its underlying beliefs (Montalvo Corral, 2002).

In order to establish a link between the behavioral intention and its underlying beliefs, this thesis researcher’s behavioral model was developed to include a third level of explanation regarding the behavioral domains.

According to Ajzen (1988), behavioral domains are defined as the specific areas of experience and knowledge from which salient beliefs arise. In the process of construction of the model, the antecedents of the main components of the model were traced to the underlying beliefs and a variety of bodies of literature were drawn upon to operationalize beliefs. Such a procedure was possible due to the *meta* theoretical characteristic of the TPB.

For the purposes of this thesis research, these behavioral domains were defined as:

Environmental risks	Roles	Knowledge and technologies
Economic risks	Personal norms	Actors and networks
Social Pressure	Self-identity	Institutions.

Thorough descriptions and analyses of the beliefs associated with these behavioral domains are presented in Chapter 5.

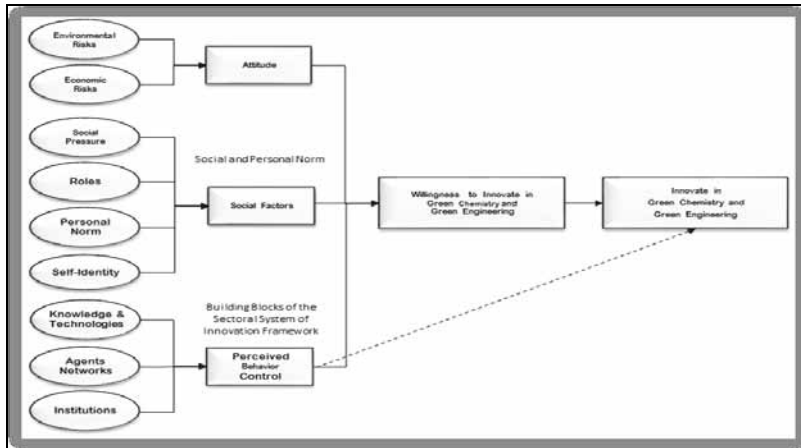
The examination of the three constructs that influence intention-behavior is fundamental for reaching the predictive reliability and the understanding of any behavior (*ibid*).

The *PBC* represents the TPB construct that accounts for the explanation and prediction of behaviors that are not under volitional control. The SSI framework was introduced in the *PBC* construct as a means to evaluate firms’ control over the requisites and opportunities required to engage in GCE-based eco-innovation processes.

The meta-theoretical characteristic of the TPB allowed for the integration of various bodies of theory into the model. This provided great flexibility in the sense that the model can be constructed or “modified according to the needs of the study, instead of allowing the study to be molded according to the possible rigidities of the models” (Montalvo Corral, 2002: 113). Figure 1.5 shows a simplified outlook of this thesis research’s behavioral model.

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*Figure 1.5- Outline of the thesis research’s structural descriptive model.*



Source: author

In this thesis research, the TPB based behavioral model was operationalized in “real world” situations to capture perceptions of individuals relative to their perceptions regarding their companies’ engagement in GCE-based eco-innovation activities.

In order to operationalize the behavioral model, a structured questionnaire was constructed, based on the behavioral model’s constituting elements. The application of the questionnaire to firms in the Brazilian petrochemical sector generated the empirical data. That data, in addition to providing information for the identification of the determinants or barriers for companies to engage in GCE-based eco-innovation activities, they were also required for testing the reliability of the questionnaire and the statistical validity of the model.

Although the results of this thesis research’s qualitative survey provided clear insights on companies’ willingness and its determinants, it lacked knowledge on managers’ underlying motivations for the development of such willingness and on the relations between the company and the sector levels regarding the promotion, diffusion, and the implementation of GCE-based initiatives in the Brazilian petrochemical context.

In order to overcome this shortcoming, the thesis author conducted a supplementary investigation with important agents at the company and at the sector levels. As noted in Section 4.7, this investigation was conducted *via* a series of in-depth interviews that were based on open-ended questions. As a way to deepen such knowledge, these interviews were designed and developed based on this thesis research’s quantitative survey results (cf. Chapter 6 and Sections 7.1, 7.2 and 7.3 of Chapter 7) and were intended to:

- a) Verify the qualitative survey findings through a triangulation method (cf. Section 4.7 of Chapter 4);
- b) Explain, and promote a deeper understanding with respect the underlying motivational elements for willingness development;
- c) Explore the relations between company and sector levels with regard the responsibilities and incentives for the promotion and implementation of GCE-based initiatives, and
- d) Identify current and future initiatives that reflect such willingness and that supported companies’ commitment to actually proceed beyond willingness by

- implementing actual CGE innovative technological solutions for their products, processes and services;
- e) Document the current state of the use of the GCE principles in the Brazilian petrochemical sector.

### **1.3 The Case Study**

This thesis was devoted to gaining insight into the aspects that influence eco-innovative behavior of companies in the Brazilian petrochemical sector. More specifically, it investigated the extent and the strength of these companies' intentions (willingness) to engage, in the next five years, in technological GCE-based eco-innovation processes. It was expected that such engagement can contribute to the promotion of technological changes associated with the development of cleaner and more sustainable products, processes and services.

In addition to measuring companies' willingness, this thesis research identified its main determinants and the most favorable conditions for such willingness to be transformed into action. Finally, yet importantly, building upon the willingness determinants and on the best conditions for the chemical company leaders to act upon their willingness, recommendations for innovation policies were developed. Such policies can also be developed at the sector and the governmental levels in order to enhance the probability of the implementation of GCE frameworks within the Brazilian petrochemical companies. It is expected that these policies can drive behavioral changes in ways that will favor the development and implementation of the GCE as baseline frameworks for technological changes that can develop a more sustainable petrochemical sector as well as foster and stimulate companies to deliberately engage in GCE-based eco-innovation processes.

This author hopes that this thesis contributes to the development and implementation of chemical's policies that address health and environmental problems and which motivate industry to invest in green chemistry/green engineering approaches by closing the mentality and technology gaps that separate the current petrochemical companies from actively striving to achieve the desired states of sustainability.

#### **1.3.1 The Size and the Importance of the Brazilian Petrochemical Sector in Brazil and Worldwide and Expansion Perspectives**

In the Brazilian context, the chemical industry represents a powerful and significant driver of the Brazilian economy. Its contribution to the national economy, in 2008, reached the level of 3.1 percent of the nation's gross domestic product (GDP). In terms of the statistics regarding the industrial segments alone, the chemical sector's share of the industrial GDP was 10.3 percent in 2008. This makes the sector the third highest sectorial contributor to Brazil's economy (ABIQUIM, 2010).

In the global perspective, the Brazilian chemicals industry is ranked among the ten largest producers of chemicals in the world.

Table 1.1- Most important players in the world chemical and petrochemical industries (in net sales 2008)

Country	Revenues (in US\$ billion)
United States	689
China	549
Japan	298
Germany	263
France	159
Korea	133
United Kingdom	123
Italy	123
<b>BRAZIL</b>	<b>122</b>
India	98
The Netherlands	82
Russia	78
Spain	75
<b>Total</b>	<b>2.792 trillion</b>
<b>Total World Output</b>	<b>3.7 trillion</b>

Source: ABIQUIM (2010a)

Despite its size, the Brazilian chemicals sector has more ambitious plans for the next ten years. In July 2010, the chemical sector, represented by the *Brazilian Chemical Industry Association* (ABIQUIM), presented its plans for this decade. The sector's strategic intent is to invest an excess of US\$ 167 billion, in the period from 2010 to 2020, to place the Brazilian chemicals sector, by the year 2020, among the five largest chemical sectors in the world with a surplus production of chemicals and by being a world leader in renewable chemical feedstock (*ibid*, 2010).

### 1.3.2 Big Size, Big Challenges

The Brazilian chemical and petrochemical sector show significant numbers regarding its size and its importance for the Brazilian economy. These figures are expected to increase as the sector effects its expansion plans for this decade<sup>10</sup>.

The current and projected figures regarding the petrochemical sector represent their motive for societal satisfaction as the sector is and will continue:

- To create utility, welfare, a large numbers of jobs ;
- To improve living conditions;
- To be the base of the materials used by societies;
- To generate large amounts of revenue etc.

On the other hand, the sector is a great source of concern when it comes to meeting the societal aspirations regarding the environment as it uses nonrenewable natural resources as sources of materials and energy inputs for its production processes, and products and it emits toxic materials that are harmful to people, animals and to the environment. Thereby, they generate numerous negative impacts on the biosphere and society.

It has been documented that, in the last twenty years, companies in the Brazilian petrochemical sector have made substantial advancements with regard to environmental management and reduction of emissions to the environment. The petrochemical sector, both at the company and at the sector levels, have responded to environmental challenges

<sup>10</sup> For complete numbers and information on the Brazilian chemical and petrochemical industries and the plans for the near future, refer to ABIQUIM (2010a and 2010b).



with voluntary initiatives such as the Responsible Care Program, the Global Product Strategy and are engaged in a series of others e.g. ISO 18000 series, to cite a few.

These initiatives undisputedly promoted huge advances towards cleaner products and processes and helped to reduce negative environmental impacts. They will surely continue to do so. Despite these clear advancements, the petrochemical sector is still at its infancy in its journey towards environmental sustainability as it mostly relies on products and processes technologies that are unsustainable.

Chemicals are used in innumerable processes and products, and at some point in their life cycle many of them come in contact with people—in the workplace, in homes and through air, food, water, and waste streams. Eventually, in one form or another, nearly all of them enter the earth's finite ecosystems. New technologies are needed that incorporate economical and environmentally safer processes, use less energy, and produce fewer harmful byproducts.

With respect the current generation of chemicals, they pose an enormous load of preoccupation on societies as they by entering in contact with humans can inflict a vast array of threats to public and environmental health. "Effects on public and workers' health can manifest in the short-term or be potentialized over the course of human lifespan. Chemical exposures represent one of many environmental factors that can induce disease directly and can also influence the initiation, progression, or recurrence of other disease processes" (Wilson *et al.*, 2006: 25). There is growing evidence in animal studies that some chemicals can disrupt biological processes at very low doses. The biological and ecological effects of chemicals are of growing importance given the scale and pace of chemical production globally. In 1993, the National Academy of Sciences reported that children are uniquely vulnerable to the effects of chemical exposures during all periods of fetal, infant, and child development (*ibid*).

In addition, there is a lack of knowledge on the toxicity of a large quantity of commodity chemicals that are produced both as final products and as by-products of manufacturing processes in a pure or in the form of chemical mixtures. Carcinogenic, toxic, mutagenic, persistent and bio-accumulative chemicals are of highest concern as they can give rise to effects during longer times and over larger distances than other chemicals.

Dispersion of chemicals into the environment has produced a number of major ecological disruptions at local, regional and global scales, whose effects continue today. The depletion of the ozone layer, the contamination of air, pollution of surface and groundwater, contamination of soil, the acidification of soil and water, the depletion of natural and nonrenewable natural resources, and bio-diversity losses, are illustrative of a larger list of negative environmental impacts that are produced by the petrochemical industry. It is also important to highlight the universal concerns regarding the long-term consequences of the environmental damages caused by the chemical and petrochemical sectors.

According to Wilson *et al.* (2006), the lack of information on chemical's toxicity, is a challenge towards cleaner and safer chemical products and processes. This underscores the need for improved chemicals management practices. Their studies revealed that an evaluation of three hundred companies in California showed, for example, "that chemical toxicity was massively overlooked and that, combined, these companies were unaware of the presence of about 55 carcinogenic chemicals and over 200 'extremely hazardous

substances' used in chemical products" (*ibid*: 40). It can be argued that new technologies are needed that incorporate economically and environmentally safer products and processes, which use less energy, and produce fewer harmful byproducts. Environmental technologies make SD possible by reducing risk, improving process efficiency, and by creating products and processes that are environmentally beneficial or benign (*ibid*).

## **Defining the Boundaries of the Scope of the Thesis Research**

The petrochemical sector produces a diverse and immense array of products. From the primary petrochemicals through the end user products, literally thousands of chemicals are developed and produced. This product diversity is associated with specific technologies and companies' specific processes regarding markets and learning processes. The petrochemical sector is a vast sector harboring companies with heterogeneous characteristics, which, often, constitute sectors within a sector.

In this universe of diversity, in order to keep this study faithful to the definitions of: (a) sectors: "a sector is a set of activities which are unified by some related product groups for a given or emerging demand and which share some basic knowledge." (Malerba, 2005a: 65), and (b) sectoral system of innovation:

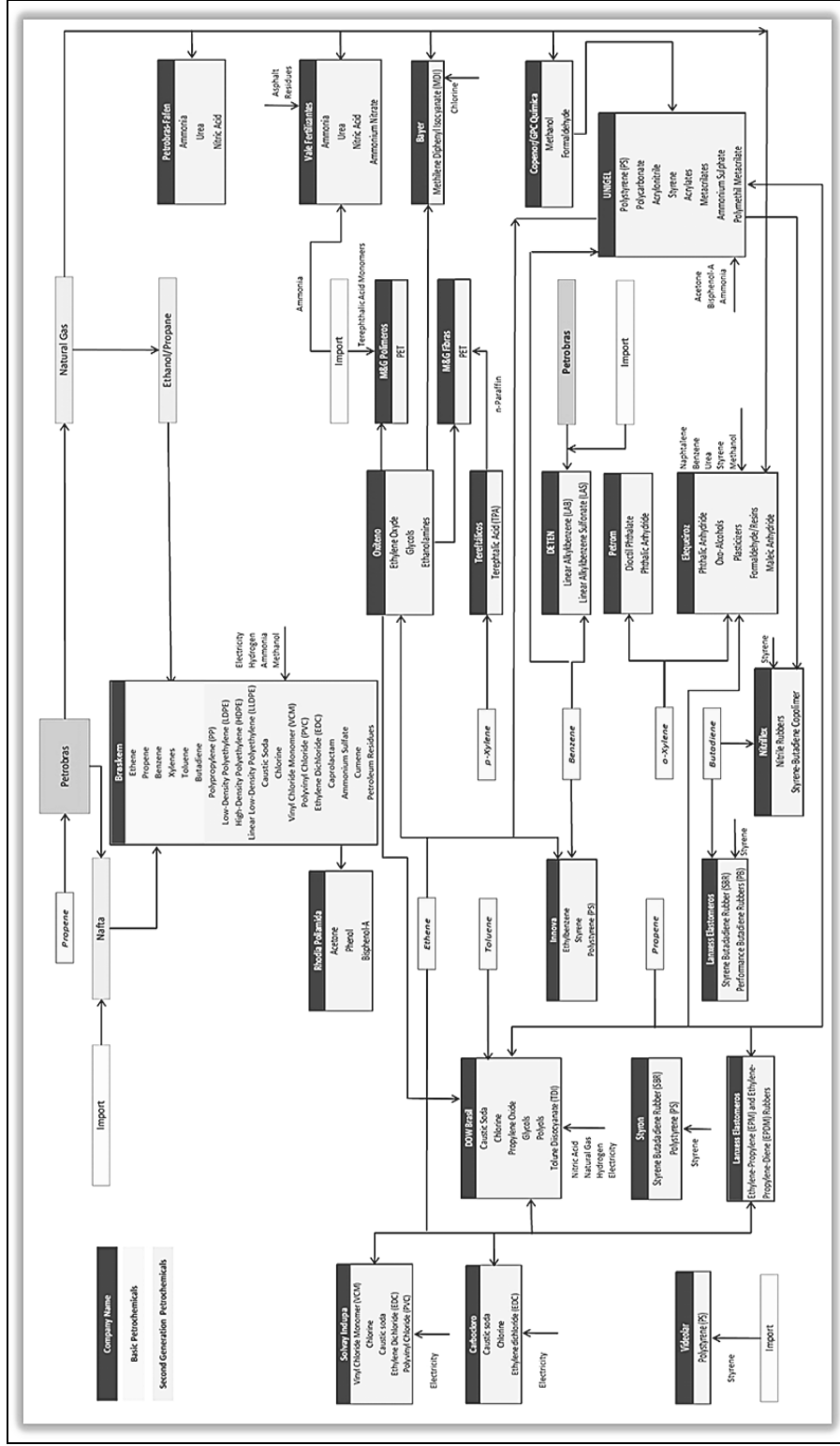
"A definition of sectoral system of innovation and production as a set of new and established products for specific uses and the set of agents carrying out interactions for the creation, production and sale of those products has been provided. According to this definition, sectoral systems have a knowledge base, demand technologies, and inputs. The agents composing a sectoral system are individuals and organizations, which are characterized by specific learning processes, competencies, beliefs, objectives, organizational structure and behaviors, and interact through processes of communication, exchange, co-operation, competition and command processes, which are shaped by institutions." (Malerba, 2002: 261)

the scope of study for this thesis research was limited to the basic and the intermediate petrochemical products manufacturing companies<sup>11</sup> because by sharing most characteristics predicted by both definitions, they can be characterized as a sector. In this sense, this study used as reference the *Brazilian Chemical Industry Association's 2010 Brazilian Chemical Industry Yearbook* (ABIQUIM, 2010b), in which the structure of the Brazilian petrochemical industry is presented. In order to account for companies' mergers that occurred in the year of 2011, modifications were made relative to the original information. Therefore, the structure of the Brazilian petrochemical sector was considered to be comprised of: (a) a company that produces both basic and second generation (intermediate) petrochemicals, and (b) twenty companies that produce second generation petrochemicals (cf. Figure 1.6). They constitute, therefore, the universe of study of this thesis research.

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<sup>11</sup> Basic or first generation petrochemical companies: process nafta and natural gas (the basic petrochemicals raw-materials) in order to produce basic petrochemical products such as ethylene, propene, butadiene, benzene etc. Second generation petrochemical companies: process the basic petrochemicals in order to produce intermediate petrochemical products that supply the third generation petrochemical companies. Third generation petrochemical companies, in turn, manufacture products that supply end user markets.

Figure 1.6- The structure of the Brazilian petrochemical industry



Source: modified from ABIQUIM (2010b)

## 1.4 The Structure of the Thesis

The following paragraphs present a detailed structure of this thesis. Chapter 2 was entirely focused upon Green Chemistry and Green Engineering. Its prime objective was to explore their underpinning concepts, principles, approaches and their importance and relations to innovation processes in the development of more environmentally and economically sustainable technological solutions for products and production processes.

In this respect, Chapter 2 provided an explanation of the objectives and principles governing GCE and connected them to the technological and knowledge *Grand Challenges* for the sustainability of the chemical enterprise. It also discussed the importance and the relations of GCE to eco-innovation and technological transition processes.

The objective of Chapter 3 was to present and examine the theoretical foundations that support and represent the scientific pillars of this thesis.

In this chapter, the theoretical elements that are related to technological change, to innovation and to behavioral intentions formation processes were presented. They constituted the theoretical basis that underpinned the development of the research's instrument (behavioral model) that was used to study the determinants of companies' willingness to engage in GCE-based eco-innovation processes.

Chapter 4 presented the research design and the methods that were used in this research. This chapter provided a thorough and seamless research specification. Starting from the definition of the case study, this chapter plunges into the methodological aspects of the development of the structural descriptive behavioral model that was developed for explaining and predicting companies' engagement in GCE-based eco-innovative behavior. Within this domain, the behavior under study was defined according to the four criteria for behavior definition: action, target, context and time.

In addition, Chapter 4 explained the methodological and theoretical aspects associated with the development and application of the thesis research questionnaire. This questionnaire represented the instrument for measuring the variables proposed in the behavioral model (e.g. measurement principle used in the questionnaire, the use of semantic differential as a rating technique, questionnaire wording, and format and context, questionnaire structure, sampling and survey methods etc.). In conclusion, the validation of the model and of the questionnaire was discussed.

Chapter 5 presented, in detail, the process of construction of this thesis research's structural descriptive behavioral model. The model is comprised of a modified version of Montalvo Corral's (2002) innovation related structural descriptive behavioral model.

At its basic level, the modifications of the model were designed to promote the adaptation of the original model to the requisites of this thesis research for eco-innovation in sectors. In this sense, the theoretical elements of Malerba's (2002, 2004, 2005) "Sectoral Systems of Innovation" (SSI) approach were incorporated to the structure of the Montalvo Corral's (*ibid*) model.

The model helped “to organize knowledge generated in diverse areas of innovation studies to explain and to predict the conditions upon which innovative behaviors of organizations in specific contexts could occur” (Montalvo, 2006: 313).

Additionally, this researcher conducted work to enhance the explanatory power of the TPB based behavioral model. In order to study the influences of norms, not prescribed by the TPB, additional social norm elements from Triandis’ “Theory of Interpersonal Behavior” (TIB) (Jain and Triandis, 1997; Triandis, 1977) and the personal moral norm (Schwartz, 1977) were incorporated to the model’s social pressures construct.

Departing from the presentation of Montalvo Corral’s model (Section 5.1), Chapter 5 highlighted the development of the TPB based structural descriptive behavioral model custom modified for the objectives of this research. In addition, Chapter 5 presented the system of hypotheses used to test and empirically validate the behavioral model and to identify the significant determinants of willingness.

In Chapter 6, the results of the thesis research’s survey were used to provide a thorough analysis of the perceptions, of companies’ top and mid-level managers and decision-makers, with respect the beliefs that determined the willingness to engage in eco-innovation processes. In parallel, they allowed for a complete mapping of the determinants of willingness. The results of the analyses, in addition to presenting how these actors perceived each belief, helped to answer the first question of this thesis research regarding the degree to which companies in the Brazilian petrochemical sector are willing to deliberately engage in GCE bases eco-innovation processes.

In parallel, Chapter 6 presented the complete results of the statistical analyses. These analyses were performed, by this researcher, to test the reliability of the questionnaire and to determine the statistical validity of the thesis research’s structural descriptive behavioral model.

Chapter 7 used the results of the thesis research’s quantitative survey and of the statistical analyses in a different manner. It searched for and identified the inputs and conditions under which willingness could be elevated to its most favorable level.

Based on these elements, recommendations were made for the development of policies and strategies, at the meso (the sector) and the micro (companies) levels, aimed at the promotion, diffusion and implementation of the GCE frameworks and GCE-based eco-innovation processes.

Chapter 7 contains results of a further exploration of the findings of this thesis research. This exploration was conducted *via* qualitative in-depth interviews. The interviews were designed to test the thesis research’s results and to elicit further insights into the companies’ managers, environmental agencies staff and trade association representatives regarding the sector level’s actual implementation of initiatives to support GCE in the entire petrochemical sector. They also elicited responses that revealed the degree of preparedness of the companies with respect to their engagement in GCE eco-innovation initiatives.

The author concluded the thesis with Chapter 8 by presenting a summary of the results and conclusions and by providing the final considerations, which included recommendations for further research.

Appendix A presented the results of the detailed statistical analyses regarding to the reliability of the thesis research's questionnaire. Appendices B and C provided the details of statistical analyses results associated with the behavioral model's content and construct validity. Appendix D presented the behavioral domains and behavioral domains' scale's correlation analysis results.

Appendix E presented the thesis research's qualitative survey questionnaire that was used to survey managers and decision-makers in the Brazilian petrochemical sector, in respect to their perceptions and beliefs related to their companies' engagement in GCE-based eco-innovation processes.

Appendix F presented the transcriptions of the in-depth interviews (qualitative survey) conducted at the micro (companies) and meso (environmental agencies and the trade association) levels.

Appendix G showed, in graphic format, the profile of the surveyed companies in the Brazilian petrochemical sector.

Appendix H is a supplement to Chapter 3, which presents background considerations on technical change and innovation processes. In this respect, and in order to stress and highlight the importance of innovation in the economy, Appendix H showed the relations of innovation to competitiveness in the economic sphere. In addition, it highlighted the evolutionary aspects of innovation and the relations to technological and economic change. Complementarily, relevant theoretical aspects of the structure of technological change (technological paradigms, trajectories and regimes) were introduced.

Also, appendix H presented and discussed the systemic nature of innovation (systems of innovation) as supporting elements for a better understanding of the origins and application of the SSI framework. Finally, because eco-innovation processes' characteristics are different from "normal innovations", aspects regarding eco-innovation were presented in the last part of Appendix H.

Appendix I is a complementary reading to Chapter 1. It addressed the problematic of environmental sustainability in the industrial domain and its relations to products and production process technologies. This includes considerations on the depletion of natural resources, the resilience capacity of the environment, the finitude of the natural capital, the limitations imposed by biophysical laws, and societal wellbeing as wells as some views on environmental sustainability in the industrial sector and the importance of greener production processes.

This thesis research's structure is presented pictorially in Table 1.2.

*Table 1.2– The structure that was used to guide this study on the determinants of Green Chemistry and Green Engineering-based eco-innovation in the Brazilian petrochemical sector*

<b>CONCEPTUAL AND THEORETICAL ASPECTS OF WILLINGNESS TO INNOVATE IN GREEN CHEMISTRY AND GREEN ENGINEERING</b>			
<b>CHAPTER 1</b> Introduction	<b>CHAPTER 2</b> Fundamentals and Principles of Green Chemistry and Green Engineering		<b>CHAPTER 3</b> Theoretical Framework
<b>METHODOLOGICAL ASPECTS OF THE THESIS RESEARCH</b>			
<b>Chapter 4</b> Research Design and Implementation Methods		<b>CHAPTER 5</b> The Development of a Behavioral Model and a System of Hypotheses of Willingness to Eco-Innovate	
<b>RESULTS AND CONCLUSIONS</b>			
<b>CHAPTER 6</b> Companies' Planned Behavior in Eco-Innovating in Green Chemistry and Green Engineering	<b>Chapter 7</b> Leveraging Companies' Willingness to Engage in Eco-Innovation Processes		<b>Chapter 8</b> Summary of the Results and Conclusions
<b>APPENDICES</b>			
<b>Appendix A</b> Reliability Statistics	<b>Appendix B</b> Results of the Statistical Content Validation of this Thesis' Research's Behavioral Model	<b>Appendix C</b> Results of the Statistical Construct Validation of this Thesis' Research's Behavioral Model	<b>Appendix D</b> Behavioral Domains and Behavioral Domains' Scales Correlation Analysis
<b>Appendix E</b> Thesis Research's Questionnaire for the Quantitative Survey	<b>Appendix F</b> Protocols of the In-Depth Interviews (Qualitative Survey)	<b>Appendix G</b> Profiles of the Surveyed Companies	<b>Appendix H</b> Considerations on Innovation Processes: Economic Competitiveness, Evolutionary Perspectives, Structure of Technical Change, the Systemic Nature of Innovation and Eco-Innovation
<b>Appendix I</b>			
Some Views on Environmental Sustainability in the Industrial Sector: the Importance of Greener Production Processes			

## 2. Fundamentals and Principles of Green Chemistry and Green Engineering

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“The past is done. Finished. The future does not exist. It must be created microsecond by microsecond by every living being and thing in the universe.”

-Edward Teller

“But the future does not yet exist and may not exist for any given individual or even for the whole species. Its truth cannot be discovered and known, but it must be created.”

-Horst Hutter

### 2.0 Introduction

The main objective and commitment of the author of this thesis was to contribute in identifying the variables that could be important motivating elements for Brazilian petrochemical companies to engage in technological eco-innovation processes that are based on the Green Chemistry and Green Engineering (GCE) frameworks. These processes were expected to develop ways to accomplish advanced states of environmental and economic sustainability.

As has been explained in Chapter 1, there is no sole solution for the sustainability challenges. It is all a matter of what the perceived present needs are, of what is envisioned for the future, of what is to be sustained, what is to be developed, how, when and for how long specific actions should be performed (cf. Section 2.0). Complementarily, these factors are deeply dependent on a number and variety of contextual factors.

In order to translate these statements to the context of this research, it can be argued that, although technological change processes towards eco-innovative, cleaner and more sustainable products, production processes and systems are primarily associated with environmental sustainability, they have a much broader focus as they can promote significant benefits to the industry’s “Triple Bottom Line”<sup>12</sup>.

On the other hand, cleaner products and production process technologies can provide important contributions to the sustainability of nature (earth, biodiversity and ecosystems), life support systems (ecosystem services, resources and the environment) and communities (groups and places). They can promote the development of people (life expectancy, education); of economy (wealth, productive services, sustainable consumption) and of society (institutions, social capital, states, and regions) (cf. Figure 1.2 in Chapter 1).

Chapter 2 was built upon the content of Section 1.1 of Chapter 1 in a complementary manner. It was solely focused upon GCE. In this Chapter, the prime objective was to explore their underpinning concepts, principles, approaches and their importance and relations to eco-innovation processes aimed at the development of cleaner products, processes and services. It is important to highlight the fact that although GCE belong fundamentally to the techno-scientific domain, the acceptance of their principles, as well as their use and implementation in the “real world”, are dependent on a variety of contextual

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<sup>12</sup> The term Triple Bottom Line (TBL) or “people, planet, profit” was coined in 1994 by John Elkington and “focuses corporation’s attention, not just on the economic value that they add, but also on the environmental and social value that they add, or destroy”. (Elkington, 2004: 3)



framework conditions that comprise behavioral and a diversity of environmental and socio-economic aspects (cf. Chapter 6).

As noted in Chapter 2, the insertion of the GCE into the behavioral and innovation domains was approached *via* the development of a structural behavioral model that was designed to explain and measure companies' intentions (willingness) to engage in eco-innovation activities that are based on GCE.

It corresponded to a framework that was grounded upon a meta-theoretical model based upon the behavioral, "Theory of Planned Behavior" (Ajzen, 1991; Ajzen and Madden, 1986), and innovation, "Systems of Innovation" (specifically the "Sectoral System of Innovation" framework – Malerba, 2002, 2004), theoretical domains.

This thesis author built upon them and took into consideration other theoretical aspects from the environmental, economic, social, personal, technological, organizational, institutional and knowledge development and acquisition domains. The theoretical fundamentals and the construction of this model are presented in Chapters 2 and 6. Thus, Chapter 2 is devoted to present the foundations of GCE, as required by the objectives of this thesis research, that was outlined in previous paragraphs.

In this respect, Chapter 2 provided an explanation of the objectives and principles governing GCE (Section 2.2) and connected them to the technological and knowledge *Grand Challenges* for the sustainability of the chemical enterprise (Section 2.1). Section 2.3 discussed the importance and the relations of GCE to eco-innovation and technological transition processes.

The concluding part of Chapter 2, Section 2.4, provided a systemic view of the GCE's position in the domain of this thesis research. This was attained by diagrammatically integrating Chapters 3, 4 and 6. Such diagrammatic representation clarified the relations of the environmental and socio-economic sustainability demands and pressures for cleaner and more sustainable products, processes and systems with the framework conditions for the engagement of companies in processes of eco-innovation that are based on the principles recommended within GCE.

## **2.1 Sustainability in the Petrochemical Industry: Where do Green Chemistry and Green Engineering Fit in?**

GCE are about technological changes and eco-innovation. In order to make clear that technological changes and eco-innovations do not come out from the blue nor they stand alone as self-sufficient drivers of more sustainable types of industrial development, it is important to acknowledge that:

“Technical innovations alone will not suffice to ensure that sustainable technology is adopted. Correct framework conditions<sup>13</sup> are required to enable successful investment in Green Chemistry and Green Engineering” (Jenk *et al.*, 2004: 545).

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<sup>13</sup> Attitudinal, management, informational and policy

In this respect, in this thesis research, these framework conditions are represented by the pre-conditional variables that can influence companies' willingness to invest in GCE-based eco-innovative activities (cf. Chapter 2 and 6).

Since Chapters 3 and 5 covered the aspects related to innovation theory and to behavioral aspects of innovation, this section is designed to place GCE within the realm of technological change (products, processes and systems) as a means of changing manufacturing activities to integrate increasingly higher levels of sustainability.

### **2.1.1 Grand Challenges and Research Needs for Sustainability in the Chemicals Processing Industry**

There is much documentation about the efforts developed by governments, the academy and the industry to foresee the future and to envisage solutions for the existing sustainability challenges in the chemical industry.

In the last twenty years, organizations and initiatives have produced valuable studies containing a vast amount of information regarding these challenges and proposed a substantial number of alternative pathways towards sustainability in the chemicals sector. Organizations such as the International Council of Chemical Associations (ICCA, e.g. Responsible Care Global Charter, Global Product Strategy), the American Chemical Society (Jones, 2009), the Chemical Industry Vision 2020 Technology Partnership<sup>14</sup><sup>15</sup>(Vision 2020; 1996, 2000, 2001, 2004), the International Technology Research Institute – World Technology Division (WTEC, 2001), the Organization for Economic Cooperation and Development (OECD, 2001 and 2008a), the Rand Corporation (Rand, 2003) occupied the front line in planning, foreseeing and finding sustainable pathways for the chemicals industry of the future.

In these studies, chemicals management, health and safety, present and future technological challenges and research needs for the sector to perform its production activities in more sustainable fashions are among the important and recurrent topics covered.

Such studies gathered and promoted the convergence of knowledge, expertise and the efforts of an enormous number of professionals and organizations worldwide and molded the current visions and beliefs on the present and future technological needs of the chemicals industry for the development of more sustainable chemical and petrochemical enterprises. Since the analysis of these initiatives and their contributions as well as many

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<sup>14</sup> “The Chemical Industry Vision 2020 Technology Partnership (Vision2020) is an industry-led process among public and private sector stakeholders in the chemical and allied industries. Vision2020 seeks to expand the amount of funding available for pre-competitive R&D in priority areas. Through collaborative efforts among industry, national laboratories, and academia, the Vision2020 Partnership fosters step-change technology innovation, which may be beyond the risk threshold of individual companies.” (<http://www.chemicalvision2020.org/about.html>). Site accessed in November 2010).

<sup>15</sup> How Vision2020 Came to Be. In 1994, the White House Office of Science and Technology Policy requested an industrial perspective on how the U.S. government could better allocate R&D funding to advance the manufacturing base of the U.S. economy. In response, chemical industry leaders created the report Technology Vision 2020: The U.S. Chemical Industry, which spawned the creation of Vision2020 (Vision 2020, 2004).

others in this domain, is beyond the limits of this research, it was intentionally left out of this text.

Among those works, the document published by the National Academy of Sciences (2005), *The Sustainability in the Chemical Industry: Grand Challenges and Research Needs*, drew attention because of its clear message with regard to the main challenges, time frames, overall research needs and transitions pathways. It reflected the perceptions of specialists representing major chemicals manufacturing companies, consulting and research organizations, sustainability institutes, chemical societies and a broad range governmental and academia representatives.

“Key players in chemistry and chemical engineering sectors believe that generating economically **viable alternatives to current reliance on fossil fuels** and **business practices** that degrade the regenerative capabilities of natural systems—sustainability—are critical to global leadership by the U.S. chemical industry” (NAS, 2005: vii, bold added).

Many factors indicate that the ideas and contents presented in the report were positively accepted by important and mainstream organizations and the chemical industry as a whole. This is exemplified by the American Chemical Society (ACS), which categorized the *Grand Challenges* as a “landmark report”<sup>16</sup>. On the other hand, important topics presented in the report can be identified in initiatives carried out by important organizations such as the ICCA’s “Responsible Care Global Charter” (RCGC). The RCGC symbolizes the commitment, of the worldwide chemical industry to the concept of sustainable development through *inter alia* sustainable technologies, education, research, collaboration, energy efficiency.

In this respect, the *Grand Challenges* have inspired further developments conducted by the industry, governmental organizations, academia and other sectors that have ties with the chemical industry and share common interests regarding sustainability issues. This is demonstrated by a number of seminars and conferences promoted by important organizations, such as the ACS and The United States National Science Foundation (NSF, 2007)<sup>17,18</sup>, which were supported by international market and non-market organizations such as UNESCO and world leader companies either from the chemical and non-chemical sectors.

The document is good reference and its usage in the context of this research was justified for placing GCE among the central topics of this research.

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<sup>16</sup> cf. American Chemical Society webpage at: [http://portal.acs.org/portal/acs/corg/content?\\_nfpb=true&\\_pageLabel=PP\\_ARTICLEMAIN&node\\_id=222&content\\_id=WPCP\\_012184&use\\_sec=true&sec\\_url\\_var=region1&\\_\\_uuid=56dc3db5-ef5b-410e-b648-a40d46ea0a66](http://portal.acs.org/portal/acs/corg/content?_nfpb=true&_pageLabel=PP_ARTICLEMAIN&node_id=222&content_id=WPCP_012184&use_sec=true&sec_url_var=region1&__uuid=56dc3db5-ef5b-410e-b648-a40d46ea0a66), accessed in January, 2011.

<sup>17</sup> “The National Science Foundation (NSF) is an independent federal agency created by (The United States) Congress in 1950 ‘to promote the progress of science; to advance the national health, prosperity, and welfare; to secure the national defense’.” (cf. <http://www.nsf.gov/about/>). Accessed in January, 2011.

<sup>18</sup> e.g., American Chemical Society Green Chemistry Institute 14<sup>th</sup> Annual Green Chemistry & Engineering Conference: Innovation and Application (<http://acswebcontent.acs.org/>), 15<sup>th</sup> Annual Green Chemistry and Engineering Conference and 5<sup>th</sup> International Conference on Green and Sustainable Chemistry (<http://acswebcontent.acs.org/gcande/>). Accessed in January, 2011.

“The purpose of this study was to assist the chemical ‘industry’ in defining the necessary research objectives to enable the ongoing transition towards chemical products, processes, and systems that will help achieve the broader goals of sustainability. (...) this report identifies a set of overarching Grand Challenges for Sustainability in chemistry and chemical engineering, and makes recommendations about areas of research needed to address those Grand Challenges” (NAS, 2005: 1)

As the report was designed to be a starting point for further analysis and developments on areas that present unique challenges and opportunities for sustainability research, it did not provide an in-depth economic analysis or policy assessment needed to promote sustainability in the chemical industry (*ibid*).

Considering that economic analyses and policy assessments are not among the objectives of this thesis research, the *Grand Challenges* provided a good fit to this study’s objective to highlight and emphasize the relevance of GCE concepts and approaches. GCE were interpreted as important and valuable guiding frameworks for eco-innovation efforts to promote increasingly sustainable forms of development in the chemicals processing sector.

Although some of its contents were derived from other publications, its clearness regarding the definitions of the main challenges, time frames, overall research needs and transition pathways, provided an easy understanding of the role that GCE should play in the technological change towards the sustainability of chemical and petrochemical sectors. The consulted publications were specific on some technological trajectories and provided an holistic view on the matter.

In addition, the document has the unique characteristic of providing integrated challenges and showed the relationships and interconnectivity of GCE with the other challenges such as toxicology, renewable chemical feedstocks, fuels and energy sources.

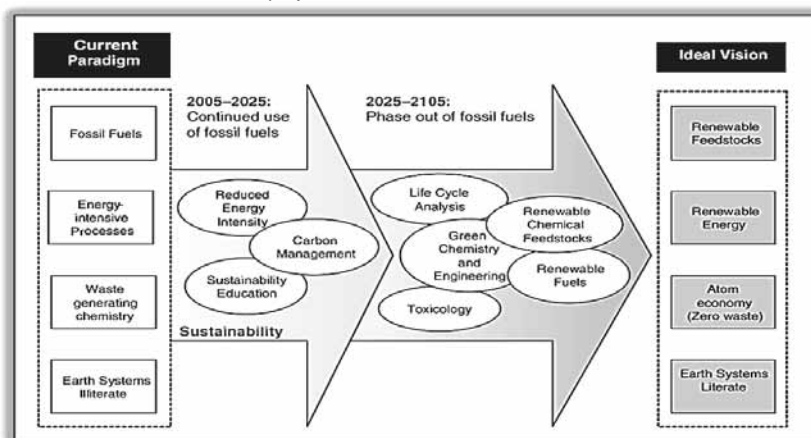
Coinciding with the fundamentals predicted by the systemic nature of eco-innovation (cf. Chapter 2), the thesis highlights points that are fundamental when addressing sustainability in the chemicals processing industry:

- “Working toward sustainability goals is both wide in scope and deep in complexity;
- Addressing sustainability necessarily cuts across all disciplinary boundaries and requires a broad systems view to integrate the different and competing factors involved;
- Involves the creative design of products, processes, systems, and organizations, and the implementation of smart management strategies that effectively harness technology and ideas to prevent environmental problems before they arise, and
- Requires strategic connections between scientific research and technological development”. (*ibid*: 2)

Figure 2.1 presents the *Grand Challenges* for sustainability in the chemical processing industry domain. They addressed the requirements for the transition from the current paradigms of the chemical industry to an ideal view that comprises the use of renewable feedstocks and energy and the decreasing generation of wastes resulting from the use of

the concepts such as the atom economy<sup>19</sup>. In addition they highlighted the need for the enhancement of literacy on the dynamics of the biosphere functioning (interconnectivities of ecological systems, material and energy circular flows etc.) as a condition for the development of a more sustainable chemical industry.

Figure 2.1- The Grand Challenges for sustainability in the chemicals processing industry: from the current paradigm to an ideal vision of the future (2005-2105) according to the United States National Academy of Sciences



Source: NAS (2005: 4)

According to the report, the justification for the choice of the eight *Grand Challenges* (represented as ovals in Figure 2.1) stems from the fact that they represent the greatest scientific and technical challenges for addressing sustainability's *triple bottom line* (*ibid*).

With regard to the time dimension of sustainability (when? and how long?), the report addresses this issue by challenging the chemical industry to make changes away from the sole dependence on fossil fuels, as sources of feedstocks and energy, and on business practices that degrade the regenerative capabilities of natural systems. In this respect, the document projects a time span of one hundred years (from 2005 through 2105), for a transition from the chemical industry's current established paradigms (cf. Figure 2.1).

“Although it is anticipated that the total amount of fossil fuels (coal, natural gas, and oil) available can support current and future needs for at least another hundred years (...), at some point there must be a shift from nonrenewable fossil fuels to renewable sources.”(*ibid*: 44)

Based on these premises the document establishes two time horizons for achieving the ideal vision of a sustainable chemical industry:

<sup>19</sup> Atom economy is one of the 12 Principles of Green Chemistry (cf. 4.2.1). It is the chemical processing principle that is designed to avoid the loss of atoms in a chemical synthesis. The atom economy is a concept related to waste reduction and efficiency maximization in materials use that is underpinned by the principle of syntheses design in ways so that the final product contains the maximum proportion of the starting materials.

- The first time interval is comprised of a twenty-year period between 2005 and 2025. This period is characterized by the continued use of fossil fuels as the prevailing energy and feedstocks source. In this period, education to promote sustainability and measures to manage carbon and the reduction of the energy intensity will play a major role, and
- The second time interval is comprised of the subsequent eighty years. During this period it is considered that fossil fuels will be phased out, signifying that alternative renewable sources of energy and feedstocks will be fundamentally needed and critical just like the provision of sustainable solutions based on GCE built on the understanding of the full life cycle impacts and toxicology of chemicals (*ibid*).

Although it was not explicitly posed in the report, it is this thesis author's belief that the time-frames associated with these two periods suggest that the period of one hundred years is a reference point that is associated to the envisioned economical availability of fossil fuels. This argument was based on the fact that the report made it clear that "at some point (before the one hundred years - note added) there must be a shift from nonrenewable fossil fuels to renewable sources."(*ibid*: 44).

### **Some Considerations on Long Term Planning for Technical Change**

Although this thesis author is in full agreement with what has been proposed as the *Grand Challenges* for the chemical industry, there remains a criticism with regard to the proposed time-frames (one hundred years) for partial and complete transitions to take place.

It is this thesis author's opinion that planning for one hundred years is a time-frame for technical change that is too long into the future and it is not in harmony with the current urgent biosphere's environmental needs.

Based on widely published proofs of environmental decay (climate change; air, soil, water pollution and their consequences on economic and biosphere systems, materials scarcity etc.), the achievement of solutions in shorter-term periods became necessary. In addition, since "scenario literature has shown that scenarios or future visions are never realized exactly as they are planned" (Quist, 207: 14), planning for objective actions for such long time horizons is likely to make things even more unrealistic. This perception is grounded on the changing, complex and dynamic character of the socio-technological and economic variables (e.g. environmental, economic, market, geographical, social, personal, political *etc.*) that influence technological change processes.

In respect to the report's methodological aspects that produced this time-frame, the *Grand Challenges* besides making some remarks highlighting that *brainstorming* was used in its development no other mention was made concerning the methodological issues. In this thesis author's opinion, the report might have been conceived based, even if intuitively, on two different visions of the future. The first, related to the time dimension, was associated with the perception of the likely future (*forecasting* approach). The second, related to the ideal vision of an environmentally sustainable chemical enterprise, was underpinned by a normative or desired future approach (for references on futures and scenarios study cf. Quist, 2007).

“Approaches using desirable or normative futures are highly important from the viewpoint of sustainable development. *Backcasting*<sup>20</sup> is a well-known example of such an approach” (Quist, 2007: 17), and “due to its normative and problem-solving character, *backcasting* approaches are much better suited to address long-term problems and sustainability solutions” (*ibid*: 19). In this respect, the interest, applicability and number of *backcasting* studies are growing, especially in Europe (*ibid*).

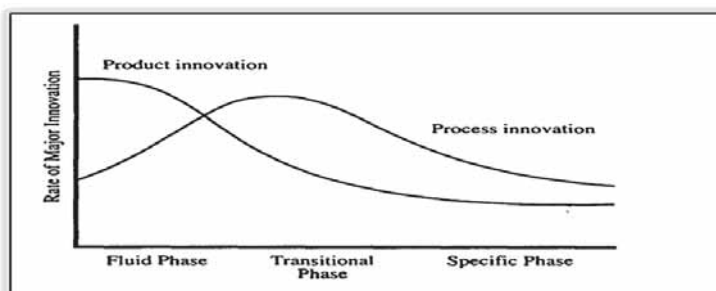
Without making further consideration on *backcasting* theory<sup>21</sup>, which is not within the objectives of this research, and taking advantage of the large experience accumulated by researchers in *backcasting*-based long-term sustainability studies, it was concluded that planning for two generations is currently the most widely used approach. According to Quist (2007: 47), “*backcasting* experiments focus on time spans of 50 years and system innovations”. Additionally, some of these studies put emphasis on a follow-up period, that is comprised of the first five to ten years following the conclusion of the studies, in order to “analyze to what extent the system innovation towards the vision is ‘on track’” (*ibid*: 14).

An additional and reinforcing argument for a two-generation long-term planning time-frame comes from the *Board on Sustainable Development of the National Research Council (American National Academy of Sciences)*. In their view:

“(…) two generations is a realistic time-frame for scientific and technological analysis that can provide direction, assess plausible futures, measure success—or the lack of it—along the way, and identify levers for changing course”. (NAS, 1999: 3)

Influences on the determination of time frames for long term planning can also be affected by the technological changes and the innovation domains. One possible approach can be assigned to the idea that industrial innovation of products and processes can be described as cyclical and each cycle is composed of three interdependent phases that start from concepts generation, go through maturity and finally reaches decline of technologies and their replacement by new products and processes concepts (Utterback, 1996) (Figure 2.2).

Figure 2.2- Innovation cycles of products and production processes according to Utterback



Source: Utterback (1996)

<sup>20</sup> “*Backcasting* means literally looking back from the future. It can be seen as the opposite of forecasting, which looks from the present to the future in a prospective way. In *backcasting* the desirable future is envisaged first, before it is analyzed how it could be achieved by looking back from this future and identifying what steps need to be taken to bring about that future” (Quist, 2007: 11).

<sup>21</sup> For a review of *backcasting* studies and methodology refer to Quist, 2007.

- **Fluid phase:** is characterized by the development of the concepts of products and production processes;
- **Transitional phase:** is characterized by diminishing products and production process innovations and their replacement by frequent changes in the production processes;
- **Specific phase:** is defined by a leveling off the rate of innovation and the slowing of technical change in products and production processes. (cf. Montalvo Corral, 2002).

Another possible approach that can influence the definition of long-term planning time-frames in the industrial domain exploits the cyclical nature of technological changes. It is associated with Schumpeter's long-waves theory of technological change. It "explains the technological revolutions underlying the 'Kondratieff'<sup>22</sup> cycles, or long waves, of economic development" (Wonglimpiyarat, 2005:1350) that comprise cycles of fifty years.

This approach can be understood *via* the concept of the "technological paradigm" (for a thorough definition of "technological paradigm" cf. Chapter 2). According to Freeman and Perez (1988), "technological paradigm"<sup>23</sup> "indicates periods in which particular pervasive technologies, methods of production and economic structures reinforce and co-evolve with one another" (Geels, 2005: 68).

In conclusion, from the perspective of what was reviewed in this section, there is complete agreement on the part of this thesis author with the proposed eight grand challenges and research needs for the sustainability in the chemical industry. On the other hand there is a criticism related to its proposed time-frame. It seems rather long and time frames of forty to fifty years seem to be more appropriate.

The same time frame for long-term planning was adopted by the World Business Council for Sustainable Development. (WBCSD). Their vision was presented in its 2010 report *Vision 2050: The New Agenda for Business*.

Based on the observations, projections and expectations of the companies and experts who contributed to its development, the report "developed a vision of a world well on the way to sustainability by 2050, and a pathway leading to that world – a pathway that will require fundamental changes in governance structures, economic frameworks, business and human behavior. It emerged that these changes are necessary, feasible and offer tremendous business opportunities for companies that turn sustainability into strategy" (WBCSD, 2010: 1).

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<sup>22</sup> Kondratieff cycles is a theoretical approach proposed by the Russian economist Nikolai Dmitriyevich Kondratiev that explains the capitalist economy growth as having a cyclic behavior. The cycles consist of alternating periods between high sectoral growth (boom) and periods of relatively slow growth (depression). For the Kondratieff cycles (or long waves) theory, refer to: Solomos Solomou (1990), *Phases of Economic Growth, 1850-1973: Kondratieff Waves and Kuznets Swings*. Cambridge University Press

<sup>23</sup> cf., Freeman C, Perez C (1988) *Structural crises of adjustment, business cycles and investment behaviour*, in: G Dosi, C Freeman, R Nelson, G Silverberg, L Soete (eds) *Technical change and economic theory*, Pinter Publishers, London/New York: 38-66.



Among other important issues, the report highlights the importance that the global economy approaches a state that is based on true-value economics<sup>24</sup> and quality of life. Innovative technology, knowledge and finance solutions developed and spread by business help increase global bioproductivity<sup>25</sup>.

In this long-term vision, by 2050, better management of ecosystem services and deployment of technologies that improve eco-efficiency and bioproductivity will be widely used. Greenhouse gas emissions will peak and begin to decrease and biodiversity will have begun to flourish again. According to their report, “Markets reward positive actions and penalize negative ones, such as pollution” (*ibid*: 19).

In order to support the achievement of the *Vision 2050*, a pathway was developed and nine elements of this pathway were developed to connect this sustainable future with the present. “The elements of the pathway demonstrate that behavior change and social innovation are as crucial as better solutions and technological innovation” (*ibid*, 2).

In some sense this time-frame logic coincides with the one proposed in this research: a time frame of five years for companies in the Brazilian petrochemical sector to start their engagement in eco-innovative activities based in GCE aiming at a forty-year time horizon for achieving major products and production processes more sustainable technological changes.

### **2.1.2 Green Chemistry and Green Engineering: a Centerpiece in the Chemical Industry’s Sustainability Needs**

Although the *Grand Challenges* are depicted in Figure 2.1 in a clear and orderly way, it is necessary to draw attention to the fact that they are neither, static nor isolated entities.

One of the most expected final achievements of the *Grand Challenges* framework is the development of new and eco-innovative technologies, and cleaner products that can fulfill the requirements set by envisioned states of sustainability for the chemical industry in one hundred years.

Apart from economic, social, personal, policy, corporate and other related factors, not taken into consideration in this chapter (cf. Chapter 6), these innovative technological solutions are expected to be developed as a result of specific combinations of the complementarities, interdependences and the interactions of the eight overarching *Grand Challenges*. The characteristics, complementarities and relations between the knowledge fields that underpin the Grand Challenges are presented in

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<sup>24</sup>“True-value pricing: pricing that comprises the full cost and benefits of the product/service – economic, social and environmental”. (WBCSD, 2010: 69)

<sup>25</sup>Bioproductivity: amount of biological productivity required to renew the biotic resources humans use (food, timber, etc.) and to absorb their waste (mainly to compensate for their CO<sub>2</sub>, emissions from energy use). (WBCSD, 2010: 69).

Table 2.1- The grand challenges for advanced states of sustainability in the chemicals processing industry and current research needs

Grand Challenges	Research Needs
<p><b>1. Green and Sustainable Chemistry and Engineering</b></p> <p>Discover ways to carry out fundamentally new chemical transformations utilizing green and sustainable chemistry and engineering, based on the ultimate premise that it is better to prevent waste than to clean it up after it is formed</p>	<p>Identify appropriate solvents, control thermal conditions, and purify, recover, and formulate products that prevent waste and that are environmentally benign, economically viable, and generally support a better societal quality of life.</p>
<p><b>2. Life Cycle Analysis</b></p> <p>Develop life cycle tools to compare the total environmental impact of products generated from different processing routes and under different operating conditions through the full life cycle. This area will play an increasingly significant role in the chemical industry in the longer term as fossil fuels are phased out of use and application of green chemistry and engineering practices become critical.</p>	<p>Improvements are needed in the quantity and quality of data required for such comparisons and in the approach used to evaluate life cycle metrics. There needs to be an appropriate understanding of the methodology of life cycle analysis, the influence of the life cycle inventory data on the analysis results, the interpretation of the results, and how the results will be used.</p>
<p><b>3. Toxicology</b></p> <p>Understand the toxicological fate and effect of all chemical inputs and outputs of chemical bond forming steps and processes. This is already an area of concern for the chemical industry, and will be increasingly important as fossil fuels are phased out of use and application of green chemistry and engineering practices become critical.</p>	<ul style="list-style-type: none"> <li>• Development of critical tools for improved understanding of structure-function relationships for chemicals and chemical mixtures in humans and the environment. This includes computational and genomic approaches.</li> <li>• Development of methods to communicate this information to effectively move it from science disciplines and bench research to application in product designs.</li> </ul>
<p><b>4. Renewable Chemical Feedstocks</b></p> <p>Derive chemicals from biomass—including any plant derived organic matter available on a renewable basis, dedicated energy crops and trees, agricultural food and feed crops, agricultural crop wastes and residues, wood wastes and residues, aquatic plants, animal wastes, municipal wastes, and other waste materials. This is a long term challenge that will become increasingly important as fossil fuels are phased out over the next 100 years.</p>	<p>Development of a catalog of biomass derived chemicals, building on what the United States Department of Energy (DOE) has already begun, to provide the research community with starting points in the development of alternative pathways to achieve the desired end materials.</p> <ul style="list-style-type: none"> <li>• Explore obtaining current basic chemicals such as simple aliphatics and aromatics, as well as fundamentally new compounds from platforms such as lignin, sugar, or cellulose.</li> <li>• Improve biomass processing—including pretreatment as well as the breakdown processes for transforming biomass material into chemicals.</li> </ul>
<p><b>5. Renewable Fuels</b></p> <p>Lead the way in the development of future fuel alternatives derives from renewable sources such as biomass as well as landfill gas, wind, solar heating, and photovoltaic technology. This is another long term challenge that will become increasingly important as fossil fuels are phased out over the next 100 years.</p>	<ul style="list-style-type: none"> <li>• In the area of solar energy technology: <ul style="list-style-type: none"> <li>— reduce the cost and environmental impact of producing photovoltaic systems;</li> <li>— directly use solar energy for cost-effective splitting of water to produce hydrogen;</li> <li>— improve heat transfer fluids that enable direct use of solar energy for meeting some of the heating requirements of the chemicals processing industry (CPI); and</li> <li>— advance storage systems for solar generated electric power.</li> </ul> </li> <li>• Simultaneously develop biomass derived fuels together with chemical feedstocks, while addressing the energy intensity of chemical processing.</li> </ul>

Continued on the next page

Table 2.1 Continued

Grand Challenges	Research Needs
<p><b>6. Energy Intensity of Chemical Processing</b></p> <p>Continue to develop more energy efficient technologies for current and future sources of energy used in chemical processing. Addressing this challenge will be critical during the continued use of fossil fuels as the predominant source of energy and chemical feedstocks over the next 20 years, and will continue to be important even when renewable energy resources are predominant.</p>	<ul style="list-style-type: none"> <li>• Develop more energy and cost efficient chemical separations, especially effective alternatives to distillation.</li> <li>• Explore biotechnology and other emerging technological solutions. Research and development needs in these areas include reducing production costs, increasing stability, and discovering catalysts with greater specificity.</li> <li>• Better understand the mechanisms of friction, lubrication, and wear of interacting surfaces (tribology)—which leads to one third of the loss of the world's energy resources in present use.</li> </ul>
<p><b>7. Separation, Sequestration, and Utilization of Carbon Dioxide</b></p> <p>Develop more effective technology and strategies to manage the resulting carbon dioxide (CO<sub>2</sub>) from current and future human activity. Addressing this challenge will also be critical during the continued use of fossil fuels as the predominant source of energy and chemical feedstocks over the next 20 years, and will continue to be important as long as carbon based fuels are in use.</p>	<ul style="list-style-type: none"> <li>• Develop energy and cost efficient technologies for CO<sub>2</sub> separation from flue gas and the atmosphere.</li> <li>• Develop technologies for CO<sub>2</sub> sequestration that will address the technical feasibility of making and storing compressed forms of CO<sub>2</sub> in geological formations and elsewhere.</li> <li>• Explore utilizing low cost, nontoxic, and renewable CO<sub>2</sub> as a feedstock for entirely new materials and for new routes to existing chemicals such as urea, salicylic acid, cyclic carbonates, and polycarbonates.</li> </ul>
<p><b>8. Sustainability Education</b></p> <p>Improve sustainability science literacy at every level of society, from informal education of consumers, citizens and future scientists, to the practitioners of the field, and the businesses that use and sell these products. Advances in chemistry and engineering must be accompanied by cross disciplinary education in sustainability science and its application to the business community. This includes greater understanding of earth systems science and engineering, ecology, green chemistry, biogeochemistry, life cycle analysis, toxicology. Addressing this challenge will be critical over the next 20 years as changes in thinking are needed to make the transition to more sustainable processes, products, and systems.</p>	<ul style="list-style-type: none"> <li>• Provide professional development opportunities for educators to learn more about sustainability and how it can be advantageously incorporated into their research and teaching. This includes providing incentives for faculty to change curricula while addressing the needs of graduate students entering this complex field.</li> <li>• Persuade professional societies to integrate sustainability and green chemistry and engineering concepts into standardized testing, accreditation, and certification programs. This also includes developing educational materials such as lab modules, LCA modules, and new textbooks that infuse sustainability and green chemistry concepts into the core material.</li> <li>• Incorporate sustainability concepts across secondary and tertiary education curricula. This includes chemistry and chemical engineering as well as the educational practices in professional schools such as medicine, law, and business, with particular emphasis on management education and schools that educate buyers, advertisers, and designers of consumer goods.</li> <li>• Provide professional development for current and future managers and executives. Equally important is the communication of sustainability thinking to middle and upper level managers and executives in business management and incorporation of sustainability objectives in annual performance goals as well as corporate strategy.</li> </ul>

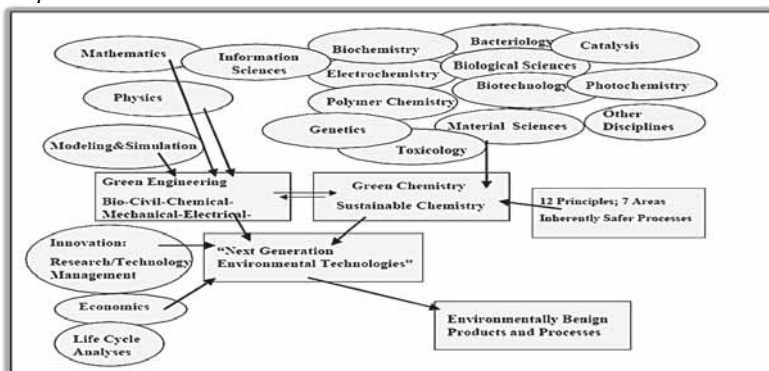
Source: transcribed and adapted from NAS (2005)

As noted in Section 2.1.1, as far as the environment is concerned, the *Grand Challenges* framework aims at the development of products and production processes that are environmentally benign. This places GCE frameworks at a central position in eco-innovation processes that targets technological change as a means for the chemicals processing industry to attain higher states of sustainability.

The CGE principles focus on “the design of chemical products and processes that reduce or eliminate the use and generation of hazardous substances” (Anastas and Kirchhoff, 2002: 686) and at prescribing the use of types of feedstocks and energy that are renewable.

As noted in Section 2.1.1, working toward sustainability goals is both wide in scope and deep in complexity. In this respect, GCE draw contributions not only from the knowledge base that pertains to the other overarching *Grand Challenges*. Contributions for the development of GCE-based technologies stem from numerous other scientific fields (cf. Figure 2.3). This justifies the selection of CGE as an appropriate framework for the design of products, processes and systems within the realm and objectives of this research.

Figure 2.3- Green Chemistry and Green Engineering represented as a convergence of many disciplines



Source: Rand Corporation (2003: 12)

## 2.2 After All, What are Green Chemistry and Green Engineering All About?

GCE, in combination with behavioral and innovation theories are the central *foci* of this thesis research. Despite their importance and justifications for their roles as conceptual centerpieces for helping the chemical industry to generate the next generation of environmentally benign technologies, GCE’s fundamentals, characteristics, conceptual frameworks and objectives were only slightly addressed in the previous chapters and sections. In order to provide a better understanding of their importance for helping to effect the technological changes that are required for making real progress toward sustainable societies, the following paragraphs take a deeper look into GCE.

### 2.2.1 Green Chemistry: Concepts and Framework

Throughout the last forty years, societies around the world have experienced a profound transformation in their perceptions and beliefs regarding the relations between the chemical industry, the planet’s biosphere and the types of approaches and measures that should be undertaken for the preservation of both parts.

From the times of (sometimes lenient) *Command and Control* policies for pollution abatement to the contemporary tenets gravitating around the principles and concepts of Pollution Prevention, Cleaner Production, Corporate Social Responsibility, Sustainability and Sustainable Development, significant efforts have been undertaken by the global chemical sector to:

“Operate the production processes as so to minimize the entry of residues and waste products into the environment, both qualitatively and with respect to their hazardous potential, and to utilize raw materials and energy with maximum efficiency” (Christ, 1999: 5).

In this respect, numerous technological pathways and options that endeavored to integrate environmental protection into the productions processes (*ibid*, 1999) and to promote eco-efficiency<sup>26</sup> regarding raw materials and energy efficiency (Eder, 2003) have been proposed and implemented in the chemical sector. As an interesting sample of the diversity of these efforts, Christ (1999) reported on an array of technological advancements that have been conducted by leading chemical industries in Europe to:

- Prevent or reduce emissions and residues by the modification or optimization of chemical syntheses pathways;
- Prevent emissions by optimized operational techniques;
- Process integrated recycling of auxiliaries and by-products;
- Recovery of raw materials or auxiliaries for the production process by reprocessing residues;
- Utilize residues and joint products by inter-linking of production processes, and
- Save energy and prevent emissions originated in the fossil fuels combustion processes by the utilization of process energy, recovery of energy from residues and higher process efficiency.

The aspirations for a new way of doing industrial chemistry that would be more “benign” to the environment evolved in the wake of the societal perception that: (a) the dilution of pollutants into the environment and (b) the command and control schemes did not represent the solution for the depletion of the biosphere and the human health. The highest priority for the problematic of industrial pollution was then allocated to source reduction<sup>27</sup>.

Green Chemistry emerged under the source reduction tenet with the clear proposal of being an innovative, non-regulatory, economically driven approach toward sustainability (Manley *et al.*, 2008).

“Green Chemistry is the design, development, and implementation of chemical products and processes to reduce or eliminate the use and generation of substances hazardous to human health and the environment. It is an innovative, non-regulatory, economically driven approach toward sustainability. The unequivocal value of Green Chemistry to the business and to the environment is illustrated through industrial examples. Green Chemistry must be recognized for its ability to address sustainability at the molecular level.” (Manley *et al.*, 2008: 743)

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<sup>26</sup> Eco-efficiency is a concept and a management philosophy, developed by the World Business Council for Sustainable Development that encourages businesses to search for environmental improvements that yield parallel economic benefits. It is related to the idea of creating more goods and services with ever less use of resources, waste and pollution.

<http://www.wbcsd.org/Plugins/DocSearch/details.asp?DocTypeId=25&ObjectId=MTc5OTI>. Accessed in January, 2011.

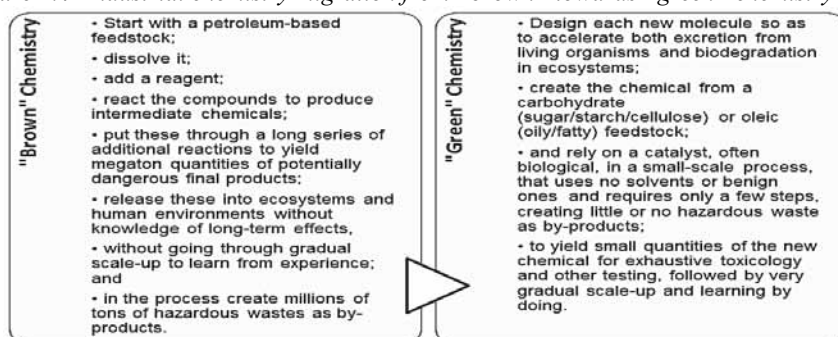
<sup>27</sup> “In the United States, the Pollution Prevention Act of 1990 established source reduction as the highest priority in solving environmental problems” (Anastas and Kirchhoff, 2002: 686).

The Green Chemistry approach is strongly committed to design and to invent the next generation of the material and energy base that will supply our society and economy. Green Chemistry contributes to this effort by understanding chemistry and by designing chemicals from their fundamental level. This is conceptually approached by reducing risks acting directly on their toxic roots, *i.e.* by designing products and processes that are less hazardous as opposed to the previous view that prioritized the risk reduction initiatives upon reducing exposure (Anastas and Warner, 1998).

$$\text{Risk} = f(\text{hazard, exposure})$$

Two examples are presented as a demonstration of the differences between the older paradigms of doing industrial chemistry and the new ones aimed at advanced states of sustainability. In the first one, Woodhouse and Breyman (2005) argued that Green Chemistry has begun to promote a profound transformation in the methods, raw materials, by-products, and end products of chemical synthesis by migrating from the twentieth-century's *brown* chemistry "formula" of doing industrial chemistry to more sustainable and benign forms of developing products and processes (*green chemistry*) (Figure 2.4).

Figure 2.4- Industrial chemistry migration from "brown" towards "green" chemistry



Source: author. - adapted from Woodhouse and Breyman (2005).

"On the current trajectory, these problems will broaden and deepen. Altering this course will require a chemicals policy that motivates industrial investment in the design, manufacture, and use of cleaner chemical technologies, known collectively as green chemistry. Green chemistry represents a primary, long-term solution to many of the chemical problems, and it is a key element of an industrial development strategy that is environmentally, socially, and economically sustainable" (Wilson et al., 2006:9).

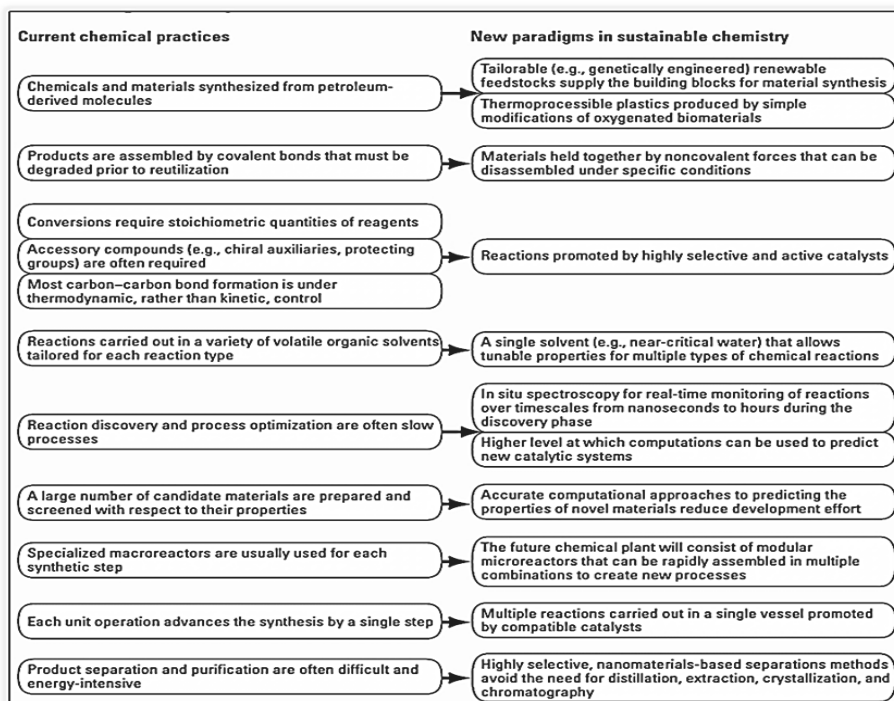
The second example comes from the National Science Foundation:

"An ideological shift is required in the chemistry community as a whole, from current chemical practices to new paradigms in sustainability chemistry (...) Change will come about when chemists have the tools to use renewable resources with few byproducts produced by simpler, less energy-intensive, and more efficient processes to power our society. A sustainable future will

come about when chemists can control and monitor chemical reactions more effectively.” (National Science Foundation, 2007: 4842).

These perceptions and principles are presented in Figure 2.5.

Figure 2.5- Converting current practices of chemical syntheses to new paradigms in sustainable chemistry



Source: National Science Foundation (2007: 4843)

After its inception in 1991<sup>28</sup>, Green Chemistry evolved and produced a significant quantity and diversity of successful “green” technological advancements<sup>29</sup>. In parallel, the attainment of higher degrees of maturity in sustainable chemistry identified an array of research needs in areas that could take the industry into advanced states of sustainability<sup>30</sup> (cf. Anastas *et al.*, 2000a; Anastas and Kirchoff, 2002; Anastas and Beach 2007; EPA, 2010; Jenck *et al.*, 2004; Lankey and Anastas, 2002; Manley *et al.*, 2008; Poliakoff *et al.* 2002; Sheldon, 2007; Woodhouse and Breyman 2005).

<sup>28</sup> “In 1991, the Office of Pollution Prevention and Toxics in the U.S. Environmental Protection Agency launched the first research initiative of the Green Chemistry Program: The Alternative Synthetic Pathways research solicitation” (Anastas and Kichhoff, 2002: 687).

<sup>29</sup> For examples, refer to <http://www2.epa.gov/green-chemistry>.

<sup>30</sup> Polymers, solvents, catalysis, bio based/renewables, analytical method development, synthetic methodology development, and the design of safer chemicals can be cited as examples of areas that required new research for the development of more sustainable chemical processes.

Throughout those twenty years of developments and initiatives, Green Chemistry principles emerged and evolved from a considerable amount and diversity of knowledge and skills and provided a structured design framework, composed by twelve principles that can be a reality in practice and not merely a design theory (Anastas and Beach, 2007). *The Twelve Principles of Green Chemistry* (cf. Table 2.2) are accepted as a reference for the design of products, processes and systems that can cause less harm to people, to the planet and enhance the competitiveness of companies.

These *principles*, proposed by Paul Anastas, and John Warner (1998) provide a comprehensive framework for guidance in doing chemistry and designing processes, products and systems in a more “benign” manner. In addition, they can be didactic in disseminating stronger and more robust views of sustainability in the chemical industry. They can as well help to foster changes, in the perceptions and beliefs of those whose professional activities are related to the chemical sector, regarding the short, medium and long terms sustainability needs of the sector. These changes are expected to promote new environmental behaviors that facilitate and induce more favorable levels of companies’ willingness to prioritize investments in greener technological options for their manufacturing processes.



Table 2.2- The Twelve Principles of Green Chemistry

1. Prevention	• It is better to prevent waste than to treat or clean up waste after it has been created.
2. Atom Economy	• Synthetic methods should be designed to maximize the incorporation of all materials used in the process into the final product.
3. Less Hazardous Chemical Syntheses	• Wherever practicable, synthetic methods should be designed to use and generate substances that possess little or no toxicity to human health and the environment.
4. Designing Safer Chemicals	• Chemical products should be designed to effect their desired function while minimizing their toxicity.
5. Safer Solvents and Auxiliaries	• The use of auxiliary substances (e.g., solvents, separation agents, etc.) should be made unnecessary wherever possible and innocuous when used.
6. Design for Energy Efficiency	• Energy requirements of chemical processes should be recognized for their environmental and economic impacts and should be minimized. If possible, synthetic methods should be conducted at ambient temperature and pressure.
7. Use of Renewable Feedstock	• A raw material or feedstock should be renewable rather than depleting whenever technically and economically practicable.
8. Reduce Derivatives	• Unnecessary derivatization (use of blocking groups, protection/deprotection, temporary modification of physical/chemical processes) should be minimized or avoided if possible, because such steps require additional reagents and can generate waste.
9. Catalysis	• Catalytic reagents (as selective as possible) are superior to stoichiometric reagents.
10. Design for Degradation	• Chemical products should be designed so that at the end of their function they break down into innocuous degradation products and do not persist in the environment.
11. Real-time analysis for Pollution Prevention	• Analytical methodologies need to be further developed to allow for real-time, in-process monitoring and control prior to the formation of hazardous substances.
12. Inherently Safer Chemistry for Accident Prevention	• Substances and the form of a substance used in a chemical process should be chosen to minimize the potential for chemical accidents, including releases, explosions, and fires.

Source: Anastas and Warner (1998)<sup>31</sup>

Although the *Grand Challenges* for the sustainability of the chemical industry are eight in number, they individually and collectively present a vast universe of possibilities for promoting technological changes. In the case of Green Chemistry, by observing its twelve principles, it can be argued that the framework can function as the hub that incorporates and operationalizes the fundamentals contained in the other elements of the *Grand Challenges*.

The concept of “atom economy”, a basic concept and principle in Green Chemistry, promotes the possibility of reducing the generation of waste by incorporating of all the atoms of a reactant into the product molecule (Anastas and Beach, 2007). Green Chemistry strives for efficiency. Stereo-chemical specificity permeates the atom economy which “has

<sup>31</sup> Extracted from the United States Environmental Protection Agency Internet site at: <http://www.epa.gov/gcc/pubs/principles.html>, accessed in December, 2010.

replaced the time honored metric of yield as a standard by which to measure the quality of a synthetic methodology” (Anastas and Warner, 1998: 11).

Green Chemistry goes far beyond waste reduction and pollution prevention as it incorporates in the analysis the entire life cycle of the materials and energy processes as an opportunity for designing eco-innovations (Manley *et al.*, 2008). Knowledge in toxicology is basic in the design of increasingly harmless of materials. The use of alternative renewable energy and material source is a must in Green Chemistry. Education is fundamental to the construction of the knowledge base that underpins the companies’ capabilities and the eco-innovation processes.

The possibilities for technical eco-innovations in Green Chemistry are vast. As they are context dependent, they are developed in number and quality that is proportional to the scientists’ and engineers’ ingenuity, creativity and competence. This is exemplified by the universe of diversity and the amplitude of green chemistry applications that are embodied in the “United States Presidential Green Chemistry Awards” (PGCA)<sup>32</sup>. Since 1996, the PGCA program recognized approximately five individuals and organizations each year. Typically, the U.S. EPA presents one award in each of the following categories and focus areas (a detailed description of the three focus areas is presented in Box 2.1):

- **Small Business:** a small business for a green chemistry technology in any of the three focus areas.
- **Academic:** an academic investigator for a technology in any of the three focus areas.
- **Focus Area 1:** an industry sponsor for a technology that uses greener synthetic pathways.
- **Focus Area 2:** an industry sponsor for a technology that uses greener reaction conditions.
- **Focus Area 3:** an industry sponsor for a technology that includes the design of greener chemicals.” (United States Environmental Protection Agency-EPA)<sup>33</sup>

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<sup>32</sup> “The Presidential Green Chemistry Challenge was established to recognize and promote innovative chemical technologies that prevent pollution and have broad applicability in industry. The Challenge is sponsored by the Office of Chemical Safety and Pollution Prevention of the United States Environmental Protection Agency (EPA) in partnership with the American Chemical Society Green Chemistry Institute and other members of the chemical community”. (EPA), <http://www.epa.gov/gcc/pubs/pgcc/presgcc.html>. Accessed in January, 2011).

<sup>33</sup> [http://www.epa.gov/gcc/pubs/pgcc/award\\_categories.html](http://www.epa.gov/gcc/pubs/pgcc/award_categories.html)

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Box 2.1- United States Presidential Green Chemistry Awards' focus areas

<b>THE USE OF GREENER SYNTHETIC PATHWAYS</b>	This focus area involves implementing a novel, green pathway for a new chemical product. It can also involve using a novel, green pathway to redesign the synthesis of an existing chemical product. Examples include synthetic pathways that: <ul style="list-style-type: none"><li>•Use greener feedstocks that are innocuous or renewable (e.g., biomass, natural oils);</li><li>•Use novel reagents or catalysts, including biocatalysts and microorganisms;</li><li>•Are natural processes, such as fermentation or biomimetic synthesis;</li><li>•Are atom-economical, and</li><li>•Are convergent syntheses.</li></ul>
<b>THE USE OF GREENER REACTION CONDITIONS</b>	This focus area involves improving conditions other than the overall design or redesign of a synthesis. Greener analytical methods often fall within this focus area. Examples include reaction conditions that: <ul style="list-style-type: none"><li>•Replace hazardous solvents with solvents with a lesser impact on human health and the environment;</li><li>•Use solventless reaction conditions and solid-state reactions;</li><li>•Use novel processing methods that prevent pollution at its source;</li><li>•Eliminate energy- or material-intensive separation and purification steps, and</li><li>•Improve energy efficiency, including reactions running closer to ambient conditions.</li></ul>
<b>THE DESIGN OF GREENER CHEMICALS</b>	This focus area involves designing and implementing chemical products that are less hazardous than the products or technologies they replace. Examples include chemical products that are: <ul style="list-style-type: none"><li>•Less toxic than current products;</li><li>•Inherently safer with regard to accident potential;</li><li>•Recyclable or biodegradable after use, and</li><li>•Safer for the atmosphere (e.g., do not deplete ozone, or form smog).</li></ul>

Source: United States Environmental Protection Agency (USEPA)<sup>34</sup>

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It is out of the scope of this thesis research to carry out an in-depth analysis of the major advancements achieved by Green Chemistry studies and its applications in areas such as, research, innovation, education and policy by a variety of market and non-market organizations. Despite such argumentation, the author acknowledges that giving “real world” examples is necessary to illustrate and enhance the value of this study.

In this respect, once again this thesis author calls upon the PGCA to illustrate the arguments on the importance and the possibilities for innovation that fulfill the Green Chemistry visions. Other examples can be found in Anastas and Kirchhoff, 2002; Anastas and Beach, 2007; Kirchhoff, 2003; Manley *et al*, 2008; McDonough *et al*, 2003; Nameroff *et al*, 2004).

Table 2.3 presents the technological areas and the number of their respective technologies that have been awarded since 1996<sup>35</sup>.

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<sup>34</sup> <http://www.epa.gov/gcc/pubs/pgcc/focus.html>

<sup>35</sup> For the complete list of the awarded technologies refer to the United States Environmental Protection Agency's Green Chemistry webpage at <http://www.epa.gov/gcc/pubs/pgcc/technology.html>.

Table 2.3- United States Presidential Green Chemistry Awards winners by technology (1996-2010)

Technology Area & Number of Technologies	<b>Biotechnologies</b>
	- Including use of biological processes or microorganisms (22)
	- Genetic Engineering (8)
	- Use of Isolated Enzymes (8)
	<b>Polymers</b>
	- Chemical Polymers (12)
	- Biopolymers, excluding the use of isolated enzymes (10)
	<b>Renewable Resources</b>
	- Technologies that use a renewable resource in place of a petroleum-based or depleting resource (22)
	<b>Solvents</b>
	- Carbon Dioxide (6)
- Solvent-Free Processes (7)	
- Water (excluding fermentations) (9)	
- Alternative Solvents (3)	
<b>Safer Chemicals (23)</b>	
<b>Synthetic Processes (24)</b>	
<b>Chemical Catalysts (16)</b>	
<b>Analysis (2)</b>	

Source: author - adapted from EPA at <http://www.epa.gov/gcc/pubs/pgcc/technology.html>. Accessed in January, 2011)

## 2.2.2 Green Engineering: Concepts and Framework

“Industrial chemists do not accomplish these transformations alone. Engineers are needed to apply engineering principles and to analyze each chemical reaction, both individually and in conjunction with all the steps, which make up the entire chemical process. The overall objective is to produce chemicals using the raw materials with the lowest cost, minimize capital investment, protect the environment, and ensure the health and safety of those employees that work to manufacture and transport chemical products.” (Vision 2020, 2001: 2)

In the chemicals industry, the advent of new materials, products, processes, and systems would not be possible without the combination of the ingenuity, capabilities and the intellectual foundations of industrial chemists and engineers. The design of target molecules and their processes conditions by chemists are complemented by the engineers’ capabilities for designing, constructing and operating large-scale chemical processing plants to make the manufacture of materials and products possible at a commercial scale.

The environmentally unsustainable aspects of the chemical enterprise that are incorporated in its technological paradigms<sup>36</sup>, trajectories<sup>37</sup> and regimes<sup>38</sup>, as we presently know, are a result of how chemists and engineers have seen the industry and its relations to the economy, society and environment.

The chemical industry cannot undergo structural technological changes towards more advanced states of environmental sustainability unless profound changes occur in the way chemistry and engineering are perceived, designed and implemented. That means that detaching chemistry from engineering in two separate universes cannot solve the

<sup>36</sup> For a definition of technological paradigm, refer to Appendix H.

<sup>37</sup> For a definition of technological trajectories, refer to Appendix H.

<sup>38</sup> “A technological regime is the rule-set or grammar embedded in a complex of engineering practices, production process technologies, product characteristics, skills and procedures, ways of handling relevant artifacts and persons, ways of defining problems; all of them embedded in institutions and infrastructures” (Rip and Kemp, 1998: 340).

challenges for a more sustainable future. Chemistry and engineering should go hand in hand.

“The decisions made by chemists in designing chemical products and processes directly impact the options available to engineers. The physical and chemical properties of a material, for example, dictate the type of reactor that must be used in a given process. The task of the engineer is simplified when chemists design products and processes that reduce or eliminate the use and generation of hazardous substances. Green chemistry provides a foundation on which to build green engineering.” (Kirchhoff, 2003: 5349)

As stated in Section 2.2.1, Green Chemistry fundamentals provide a comprehensive framework, for the design of the synthesis of chemicals that are more benign, production processes and products that is codified and articulated *via* its “Twelve Principles”. Similarly, the Green Engineering domain, provides a “green” framework that approaches sustainability from an eco-effective design perspective by proposing a “conceptual shift away from current industrial system designs, which generate toxic, one-way, ‘cradle-to-grave’ material flows, toward a ‘cradle-to-cradle’ system powered by renewable energy in which materials flow in safe, regenerative, closed-loop cycles” (McDonough *et al.*, 2003: 434A).

“Green Engineering, defined as the design of systems and unit processes that obviate or reduce the need for the use of hazardous substances while minimizing energy usage and the generation of unwanted by-products, is the next generation of environmental protection in chemical engineering.” (Anastas *et al.*, 2000b: 1)

Green Engineering is governed by twelve principles, *The Twelve Principles of Green Engineering* (cf. Table 2.4), and provides a framework that advances beyond baseline engineering quality and safety specifications to encompass environmental, economic and social factors (Anastas and Zimmerman, 2003). The Twelve Principles, proposed by Paul Anastas and Julie Zimmerman (2003), are applicable, effective, and appropriate to a wide spectrum of design architectures in the various industrial sectors “otherwise these would not be principles but simply a list of useful techniques that have been successfully demonstrated under specific conditions”. (*ibid*: 95A)

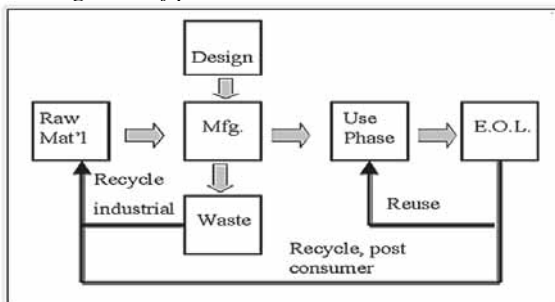
Within this framework, designers and engineers can use the principles of GE to create and select safe materials (Principle 1) whose inputs are renewable (Principle 12). In addition, these principles can be the base for the design of products, processes, and systems that are integrated and interconnected with available energy and materials flows (Principle 10) and are designed for performance in a commercial “afterlife” (Principle 11) (McDonough *et al.*, 2003).

With this in mind, engineers who design products and systems must begin the process by analyzing the chemistry of materials to determine which are inherently safe and which should be avoided. A material should not only be nonhazardous but also provide nourishment for something after its useful life—either “food” for biological systems or high-quality materials for subsequent generations of high-tech products (Principle 11)

Designers guided by the “Twelve Principles of Green Engineering” are challenged to design processes that operate at a maximum eco-effectiveness<sup>39</sup>, and efficiency<sup>40</sup> (Principle 4) so as to avoid the waste of materials throughout the manufacturing and product life cycle (Figure 2.6) (Anastas and Zimmerman, 2003). They are encouraged to design processes that are not based on the worst case scenario and operate without the use of excess capacity (Principle 8) in order to avoid excessive use of materials and energy (*ibid*).

Efficient synthetic pathways are at the heart of GCE principles: reducing the use of non-renewable materials, eliminating waste, and reducing emissions.

Figure 2.6- Manufacturing and the product life cycle: a closed systems view of production, use and end-of-life management of products



Note: E.O.L = end-of-life phase

Source: WETC (2001)

Products should be designed to not last beyond their commercial life (Principle 7) so as to avoid problems that can range from solid waste disposal to persistence and bioaccumulation (Anastas and Zimmerman, 2003). In order to allow for recycling, reusing and to reduce energy requirements in recycling processes, “embedded entropy and

<sup>39</sup> According to Braungart et al. (2007: 1337), the concept of **eco-effectiveness** is “a positive agenda for the conception and production of goods and services that incorporate social, economic, and environmental benefit, enabling triple top line growth (...) The concept of **eco-effectiveness offers a positive alternative** to traditional **eco-efficiency** approaches for the development of healthy and environmentally benign products and product systems. It involves the design of things that considers the interdependence with other living systems. **Eco-efficiency** strategies focus on maintaining or increasing the value of economic output while simultaneously decreasing the impact of economic activity upon ecological systems. Zero emission, as the ultimate extension of eco-efficiency, aims to provide maximal economic value with zero adverse ecological impact” (bold added).

<sup>40</sup> The concept of efficiency is also a factor of importance in the green chemistry domain. It establishes the conceptual foundation for assessing the efficiency of the synthetic pathways that are fundamental to the green chemistry principles: e.g. reducing the use of non-renewable materials, eliminating waste, and reducing emissions (Anastas and Beach, 2007). A good example of efficiency metrics is the concept of “Reaction Mass Efficiency” (RME) that takes into account a calculation of atom economy as well as the stoichiometry and yield of each step. “Atom economy and RME calculations typically do not account for use of hazardous reagents, or solvents, which may constitute the primary source of waste in a synthesis” (*ibid*: 2007: 10). Atom economy (atom efficiency) describes the conversion\_efficiency of a chemical process in terms of all atoms involved (desired products produced).

Note 72: continued

$$\text{Atom economy (efficiency)} = \frac{\text{Molecular Weight of desired products}}{\text{Molecular Weight of all reactants}} \times 100$$

complexity must be viewed as an investment when making design choices on recycle, reuse, or beneficial disposition” (Principle 6) (*ibid*: 96A).

Products, processes, and systems should be designed to maximize mass, energy, space, and time efficiency. “Appropriate up-front designs, permit the self-separation of products using intrinsic physical/chemical properties, such as solubility and volatility rather than induced conditions, decrease waste and reduce processing times” (Principle 3) (*ibid*: 97A).

It is important to highlight the systemic nature of GCE. They are interrelated and interdependent. In practice, the redesign efforts (eco-innovation) of products and processes, *via* the use of all of the CGE principles simultaneously, is likely to not be achievable since “like all multi-parameter systems, tradeoffs and balances will have to be made in striving toward optimization based on the specific circumstances of the application” (Anastas and Kirchhoff, 2002: 686).

*Table 2.4- The Twelve Principles of Green Engineering*

1. Inherent Rather Than Circumstantial	• Designers need to strive to ensure that all materials and energy inputs and outputs are as inherently nonhazardous as possible
2. Prevention Instead of Treatment	• It is better to prevent waste than to treat or clean up waste after it is formed.
3. Design for Separation	• Separation and purification operations should be designed to minimize energy consumption and materials use.
4. Maximize Efficiency	• Products, processes, and systems should be designed to maximize mass, energy, space, and time efficiency.
5. Output-Pulled Versus Input-Pushed	• Products, processes, and systems should be “output pulled” rather than “input pushed” through the use of energy and materials.
6. Conserve Complexity	• Embedded entropy and complexity must be viewed as an investment when making design choices on recycle, reuse, or beneficial disposition.
7. Durability Rather Than Immortality	• Targeted durability, not immortality, should be a design goal.
8. Meet Need, Minimize Excess	• Design for unnecessary capacity or capability (e.g., “one size fits all”) solutions should be considered a design flaw.
9. Minimize Material Diversity	• Material diversity in multicomponent products should be minimized to promote disassembly and value retention.
10. Integrate Material and Energy Flows	• Design of products, processes, and systems must include integration and interconnectivity with available energy and materials flows.
11. Design for Commercial “Afterlife”	• Products, processes, and systems should be designed for performance in a commercial “afterlife.”
12. Renewable Rather Than Depleting	• Material and energy inputs should be renewable rather than depleting.

Source: Anastas and Zimmerman (2003).<sup>41</sup>

<sup>41</sup> Extracted from the American Chemical Society Internet site at: [http://portal.acs.org/portal/acs/corg/content?\\_nfpb=true&\\_pageLabel=PP\\_ARTICLEMAIN&node\\_id=1415&content\\_id=WPCP\\_007505&use\\_sec=true&sec\\_url\\_var=region1&\\_\\_uuid=f2d57341-84f9-4cb0-88aa-5f7950f34ba7](http://portal.acs.org/portal/acs/corg/content?_nfpb=true&_pageLabel=PP_ARTICLEMAIN&node_id=1415&content_id=WPCP_007505&use_sec=true&sec_url_var=region1&__uuid=f2d57341-84f9-4cb0-88aa-5f7950f34ba7), accessed in December, 2010.

In the previous sections, the GCE frameworks were presented at the depth required by the objectives of this research. The idea was to introduce their main underpinning tenets and concepts in order to justify their importance for designing the next generation of environmentally benign technologies that will support a more sustainable chemical enterprise and a more sustainable society.

The examples presented in table Table 2.3 and those contained in the cited literature, related to how *GCE Principles* can be employed to address technological sustainability in the chemical industry, represent a small part of the possibilities to be explored. Although the prospects for the creation of a more sustainable chemical enterprise, through the utilization of GCE principles seem to be promising, it is always prudent to emphasize that the challenges are enormous. The development of the next generation of environmentally benign chemical technology based on these principles is still at its infancy not only in technical terms but also fundamentally in what is related to their dissemination and adoption by the industry.

“While Green Chemistry is receiving significant attention in the business and academic communities, efforts to encourage its adoption in practice are slow, piecemeal, and encounter resistance”. (Lowell Center for Sustainable Production, 2008: 10)

Once the resistance to acceptance of GCE is overcome, much is still to be done and the envisioned advancements depend fundamentally on research and innovation (Anastas and Beach, 2007; Horváth and Anastas, 2007).

Although it is not within the objectives of this section, it is advisable and appropriate to complement this reasoning by calling attention to and by emphasizing the importance of the role played by the social and economic factors that are determinants of the acceptance of and underpin GCE-based innovation processes (cf. Chapters 2 and 6).

So far the discussions on GCE have revolved around the conceptual aspects related to the design of more environmentally benign materials, products, processes and systems for the development of a more sustainable chemical enterprise. Section 2.3 addresses the importance of innovation in the development of GCE-based technological solutions and establishes a link to Chapter 3 where eco-innovation was discussed more deeply.

### **2.3 Green Chemistry, Green Engineering and their Relation to Innovation**

It has been broadly argued that the current technological regimes and trajectories in the chemical industry do not fulfill the demanded level of environmental protection. It has also been agreed upon that in order to overcome the environmental and technological challenges and achieve more advanced states of sustainability, new knowledge and new technological regimes and trajectories will be necessary. The need for technological changes can be translated as a need for eco-innovation.

“According to the Organization for Economic Cooperation and Development (OECD), industrial sustainability is defined as the **continuous innovation**, improvement and use of clean technologies to reduce pollution levels and consumption of resources. In practical terms, industrial sustainability means employing technologies and know-how to use less material and energy, maximizing use of renewable resources as inputs, minimizing generation of



pollutants or harmful waste during product manufacture and use, and producing recyclable or biodegradable products” (Jenk *et al.*, 2004: 544, bold added)

According to Manley *et al.* (2008), Green Chemistry is about continued improvement and innovation. “The Principles of Green Chemistry must become the core for tomorrow’s chemistry, by integrating sustainability into science and its innovations” (*ibid*: 748). On the other hand, Anastas and Beach (2007:20) reinforced this view on the importance and the dependence of Green Chemistry on innovation by arguing that “innovation is the lifeblood of Green Chemistry”.

This suggests that for successful advancements in GCE to take place, favorable conditions for innovation should be created and supported. Furthermore, the theoretical grounds of innovation and innovation systems play a fundamental role in promoting the development of technological solutions based on GCE, and in creating more support, demand and opportunities for them in society.

This section briefly explored the eco-innovative character of GCE in the sense of how they can contribute to and can be integrated into processes of technological transitions towards the development of innovative and more environmentally benign chemical processes, products and systems.

### **2.3.1 Green Chemistry, Green Engineering and Technological Transitions**

As stated in Section 2.2, in the effort of converting the chemical industry, as well as the industrial development as a whole, to more environmentally and economically sustainable states, the GCE principles provide the conceptual fundamentals for the creation of a new class of technological solutions. “Industry leaders recognize that technology transitions are inevitable and they are, in fact, the driving force of innovation and new growth. Many industry leaders, along with labor and community leaders, also recognize that *proactive* transition strategies provide a margin of protection to the economic security of workers and communities” (Wilson *et al.*, 2006: 55)

Such solutions are conceived, guided and designed based on environmental and socio-economic paradigms that have not previously been taken into account. The new paradigms establish new challenges and require changes, both incremental and radical, to the dominant technological paradigms and regimes presently used in the chemical industry.

According to Green *et al.* (1994), this scenario depicts circumstances, whereby innovation becomes necessary and is induced by pressures exerted by the environmental and socio-economic domains. Drawing on the “Evolutionary Theory of Economic Change” developed by Nelson and Winter (1982) (cf. Chapter 2); Green *et al.* (*ibid*) provided an analysis on the relationship of these pressures and the subsequent technological eco-innovations.

According to the evolutionary economics, the technological regime followed by a specific firm or a sector is dictated by the conditions and influences of the environment within which it operates. This space, located off the corporate (or sector) activities domain, represents what Nelson and Winter called the “selection environment” (Green *et al.*, *ibid*).

“The selection environment is comprised of the factors that are external to a firm, which influence which products and/or processes it chooses to innovate” (*ibid*: 1049). Green *et al.*

(*ibid*) also acknowledged the importance of internal factors and pressures in the understanding of technological innovation in firms. This view was also shared and explored by Montalvo Corral (2002) who expanded this “selection environment” to include factors internal to the firms in order to provide a better understanding and to explain the processes of willingness formation, within the firm’s domain, regarding organizations’ engagement in innovation activities (cf. Chapter 6).

According to Green *et al.* (*ibid*: 1050), this “selection environment” includes:

- The prices of raw material inputs;
- The prices of capital equipment;
- The demand for the firm’s products;
- The competitive pressures from rival firms, and
- All the laws, regulations and public-political pressures, which bear on a firm’s products, processes and organizational routines.

Although this list is not inclusive of every factor of relevance to influence innovation and technological change, it depicts some that are important and capital. The development of a comprehensive general list of the possible “selection environments” would be difficult due to its context dependent characteristics.

Another view that may allow for a good understanding of why new GCE-based technological solutions are largely dependent on innovation processes can be obtained by the use of the theoretical fundamentals proposed by Geels (2002). By conducting an evolutionary and integrative multi-level analysis (micro, meso and macro levels) on socio-technological transitions (changes), he provided a theoretical approach that explained the overall pathways through which technological transitions and innovation processes can develop. Drawing on these theoretical fundamentals, it is possible to show how the onset and the evolution of eco-innovation processes and the emergence of new technological paradigms, regimes and trajectories, based on GCE, can occur (cf. Figure 2.7).

According to Geels (*ibid*), at the macro-level, in the domain of technological transitions, the conditions and influences of the environment within which firms operate and that are located off the corporate (or sector) activities domain are exerted upon companies by the socio-technical “landscape”. He argued that the macro-level socio-technical “landscape” consists of “slow changing external factors, providing gradients for the trajectories” (*ibid*: 1261). In addition, it refers to the wider external (to firms and sectors) factors containing a series of heterogeneous social, economic, political, cultural and normative values and environmental variables that provide the structure and the context for the interactions of actors (*ibid*).

The meso-level is the territory of socio-technical “regimes”. It accounts for the stability of existing technological development and represents the level where incremental innovation based on existing technologies is generated.

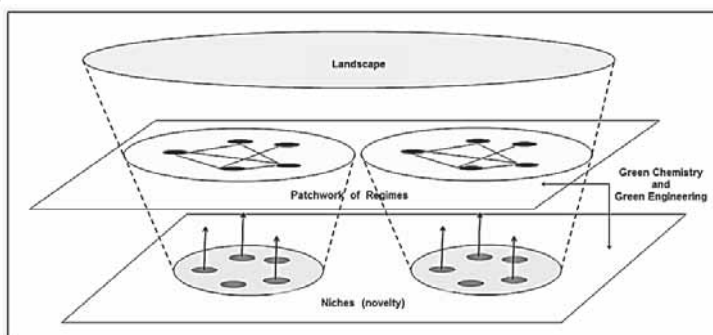
The micro-level of technological transitions acts as an incubation area and represents the domain where the technological novelties (radical innovations) are generated and arise initially as “niches” that are protected or insulated from “normal” markets (*ibid*). “Niches also provide spaces to build the social networks, which support innovations, e.g. supply chains, user–producer relationships” (*ibid*: 1261).

This multi-level perspective establishes the hierarchical relationships between the levels. Changes at the macro-level (“landscape”/“selection environment”) may exert pressures and influences on the meso-level (“regimes”) creating openings for new technologies. The introduction of new elements at the meso-level may influence further changes if changes at the “landscape” create new opportunities. The “landscape” and “regimes”, in turn, exert influence on the micro-level creating opportunities for the emergence of niches of new technologies (dotted lines in Figure 2.7) (*ibid*). Openings for technological change at the meso and micro levels can represent opportunities for GCE to flourish and prosper (cf. Figure 2.7). “The nested character of these levels means that regimes are embedded within landscapes and niches within regimes” (*ibid*: 1261).

“The important point of the multi-level perspective is that the further success of a new technology is not only governed by processes within the niche, but also by developments at the level of the existing regime and the socio-technical landscape” (Geels, 2002: 1261). “It is the alignment of developments (successful processes within the niche reinforced by changes at regime level and at the level of the sociotechnical landscape) which determine if a regime shift will occur” (Kemp *et al.*, 2001,: 277).

A graphical representation of Geels’ (2002) multilevel (macro, meso and micro) perspective of evolutionary technological transitions and its hierarchical relationships is presented in (Figure 2.7).

Figure 2.7- The nested hierarchy of the multilevel perspective of evolutionary technological transition



Source: adapted from Geels (2002)

According to Freeman and Perez, (1988, *apud* Geels, 2005), the emergence of niches occur in the context of existing “regimes” and “landscapes”. Their socio-technological characteristics and novelties are initially developed based on the knowledge base and upon the capabilities within the existing framework. Geels (*ibid*) added that the evolution of a radical innovative technology from the “niche” to “regime” level does not happen in a fast pace, it occurs gradually and after it is “used in subsequent application domains or market ‘niches’” (*ibid*: 1271).

A more elaborate discussion on the mechanisms governing the interactive relations between the micro, meso and macro levels of the technological transitions is beyond the objectives of this research. The simplified view and arguments presented in the foregoing paragraphs suffice to provide the argumentation that the decay in the quantity and quality of ecological systems and nonrenewable matter and energy, due to overexploitation and pollution, have produced changes in the way society and industry perceive the sustainability of society upon the planet.

Consequently, new responsibilities arise for corporations. The changes at the macro level are beginning to produce environmental and socio-technical pressures on companies in the petrochemical sector thereby creating conditions and opportunities for technological changes (transitions) to take place.

Once the existing technological regimes demonstrate that they are not in balance with the socio-environmental domains and that their lack of competitiveness produce economic and opportunity losses, the development of new technological paradigms and regimes become essential. These symptoms indicate the existence of pressures exerted by the “landscape” and suggest that new innovative solutions may be needed.

The GCE concepts and principles emerge as a result of these pressures. When applied in technological innovation processes they can generate radical and innovative technologies that are developed in and for specific “niches”. On the other hand, incremental innovative technological solutions can evolve and can be used as a means to reconfigure the existing technologies in a more environmentally sound fashion (cf. Figure 2.7).

It is very important to highlight that innovation processes involve far more elements and concepts than the ones taken into account above. This simplified view on technological transitions represents an effort to place GCE into the eco-innovation domain. Above all, this approach is important to demonstrate that the development of GCE-based solutions is strongly bonded to processes of incremental and radical eco-innovation. Not least, it is fundamental to state that innovation is a complex process. In innovation processes, social, personal, corporate, political, financial, economic, technical etc. elements interact in complex dynamics that may develop nonlinear dynamic patterns of relationships (Deneke, 1998) making them profoundly context dependent.

## **2.4 Integrating Green Chemistry and Green Engineering into the Industrial Sustainability and Eco-innovation Domains**

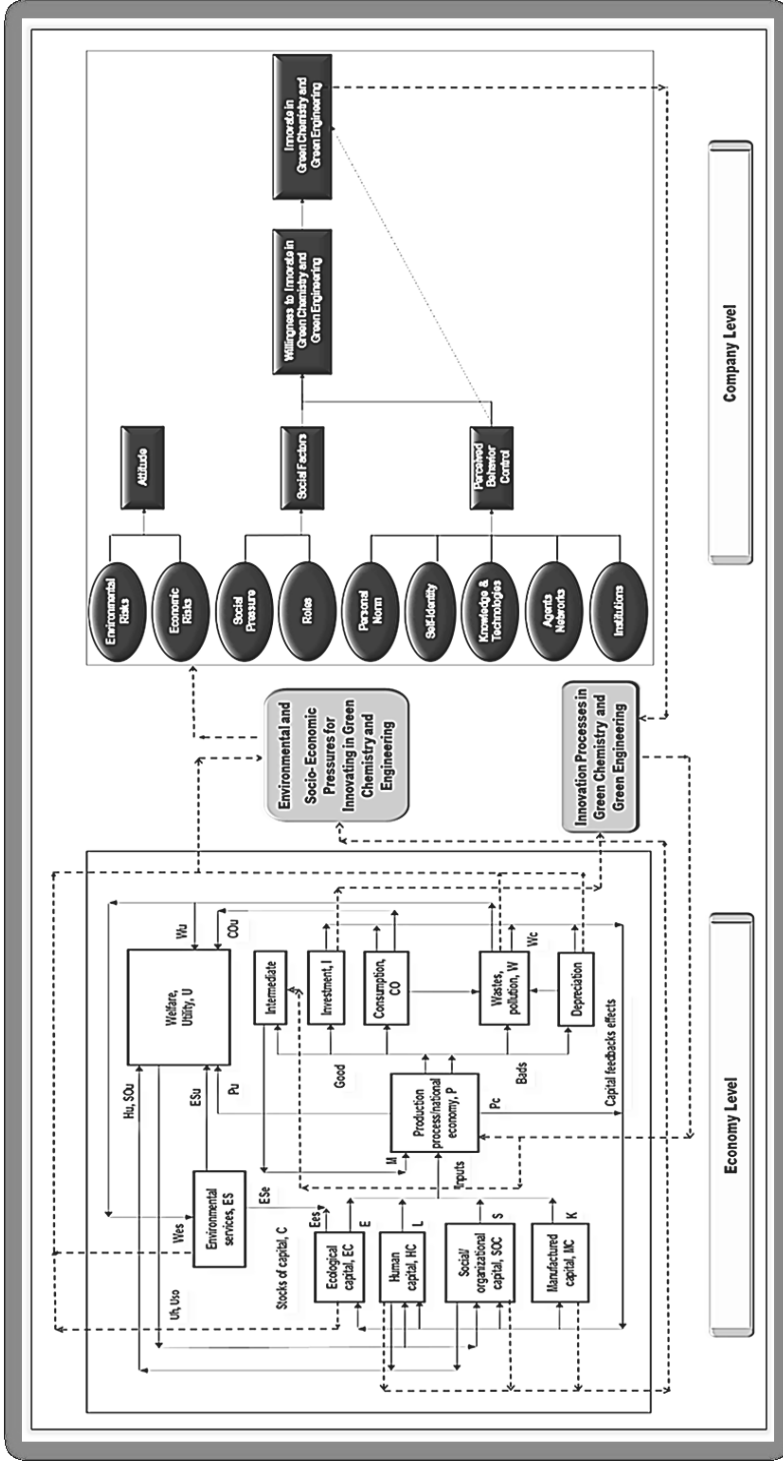
This thesis research does not focus on the dynamics of innovation nor on specific technological paradigms and trajectories. Its main interest is devoted to the behavioral aspects of innovation. It explores the motivational determinants for that companies' intention (willingness) to engage in GCE-based eco-innovation processes. Section 2.4 represents an effort to integrate and connect GCE with the other overarching key theoretical pillars of this study: industrial environmental sustainability, innovation and eco-innovation (Chapter 2) and behavioral aspects of innovation (Chapter 6).

In a more detailed perspective, the goal of this thesis author was to establish a link between:

- The pressures and demands exerted on companies by: (a) attitudinal elements associated with environmental and economic risks regarding innovating in GCE, (b) GCE innovation-inducing socio-economic agents, and (c) requisites and opportunities associated with companies adoption of GCE and their engagement in GCE-based eco-innovation processes;
- The intention (willingness) of companies to engage in GCE eco-innovation processes, and
- The implementation of the developed greener solutions.

Figure 2.8 shows a diagrammatic representation of these relations.

Figure 2.8- Pressures for innovating in Green Chemistry and Green Engineering and their relation to sustainability in the industrial domain



Sources: Ekims (1999) and this thesis author

Figure 2.8 is composed by the integration of two major models. The first, to the left of the figure, represents Ekins' (1999) model of economic and social welfare and utility creation process by the industrial production processes. A full explanation of Ekins' model is provided in Section 1.1.1. of Chapter 1. The model shows the relations and the interdependence of the industrial production processes, their *inputs* and *outputs* and the welfare and utility creation.

The other diagram depicts this thesis research's structural descriptive behavioral model. This model was custom designed to predict and explain Brazilian petrochemical companies' willingness to perform a specific behavior and to identify its important determinants. In the case of this research, the behavior under study was the engagement of companies in GCE-based technological eco-innovation activities.

The models were merged by this thesis author who used as his main theoretical approaches: (a) the Montalvo Corral's (2002) Theory of Planned Behavior-based structural behavior model for innovation, (b) Malerba's (2002, 2004) Sectoral Systems of Innovation (SSI) and other complementary theories (for details cf. Chapter 5). As noted in Chapter 2, the model functions as a meta-theoretical model that takes into account influences from the wider environmental and socio-economic "landscape" within which the companies in the Brazilian petrochemical sector operate (macro level), the petrochemical sector (meso level) and from variables that were associated with companies' internal domain (micro level) (cf. Chapter 5).

As a starting point, this thesis author considered the welfare and utility creation process, which places the industrial production processes (P) at the center of the analysis. According to Ekins (1999), the creation of welfare and utility by (P) is a function of its inputs and outputs. Inputs were represented by different environmental, socio-economic, organizational and manufactured capitals and by their respective services and intermediates from other production processes:

- Ecological capital (*EC*) and environmental services (*ES*)
- Human capital (*HC*) and human capital services (*L*)-
- Social/organizational capital (*SOC*) and services (*S*)
- Manufactured capital (*MC*) and services (*K*)-
- Intermediates (*M*),

These *inputs* have direct influence on (P). On the other hand, (P) produces *outputs* that are, classified as *goods* (I, CO and intermediates) and *bads* (W and depreciation), which have direct and indirect influences on welfare and utility creation as well as on the production processes *inputs* (for more details cf. Section 1.1.1 of Chapter 1).

The model shows that these relations establish direct and indirect circular relations that produce reinforcing feedback loops between *inputs*, *outputs*, the production processes and societal welfare and utility. Based on Eking's (*ibid*) model, it can be argued that production processes that are intensive in non-renewable materials and energy sources (*inputs*) and whose emissions to the environment (*bad outputs*) of their products and production processes are polluting and generate harm to the environmental and to the socio-economic capitals that support the economy. This represents an unsustainable way of production and consumption.

When these capitals are threatened and run the risk of decaying or collapsing, pressures are expected to become stronger towards the adoption of cleaner and more sustainable technologies. In the context of this research these cleaner and more sustainable technologies are proposed and are represented as those that are developed under the guidance and by following the principles of GCE.

Once the pressures for the adoption, by companies, of cleaner and more sustainable technologies are generated, the next step represents the challenges associated with the acceptance and the adoption of GCE by the industrial sector. As stated in Section 2.2, GCE represent a more sustainable way of doing chemistry and of designing production processes.

For the cases in which GCE-based technologies are not included in the dominant technological regimes, a shift towards a technological paradigms and regimes that could develop GCE-based products and processes can present not only benefits (drivers) but also risks (barriers).

This represents the main issues that the structural behavioral model to the right of Figure 2.8 proposed to study. A company will not adopt and invest in GCE innovation processes unless its managers and decision-makers perceive that the benefits of doing so surpass the perceived involved risks and that the expected social and environmental advanced states of corporate sustainability can contribute to the company economic success.

The behavioral model represents the domain where the pressures for innovating in GCE are processed and decisions are made. These influences, pressures and requirements comprise *inter alia* a set of environmental, attitudinal, social, personal, technical, organizational, institutional elements that could generate favorable conditions that allow for the development of corporate willingness to accept GCE and promote the deliberate engagement of organizations in GCE-based innovation processes.

Since willingness is an immediate pre-condition for the engagement of a person or a group of persons (e.g. a company) in the performance of a specific behavior (Ajzen, 1991). If a company's willingness is strong enough to promote its engagement in GCE-based eco-innovation, the next step to be taken is to provide the necessary conditions to establish such processes. If technological eco-innovation processes are successful, strategies for technological transitions can take place<sup>42</sup>.

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<sup>42</sup> For further reading on technological transitions refer to Geels (2002), Loorbach and Rotmans (2006), Rotmans (2005).



### 3. Theoretical Framework

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#### 3.0 Introduction

As noted in Chapter 1, achieving advanced states of environmental, social and economic sustainability has become the greatest challenge of the industrial sector in the short and long-term perspective. In the particular case of the relations between societies and the chemical and petrochemical industry, environmental issues and pressures have been at the center of a long-standing debate that was initiated in the late 1960s and that is still ongoing today.

In this study, this author highlighted evidence that indicates that the petrochemical industry has initiated a transition process to more sustainable performance, environmentally, socially and economically. This perception was based upon the author's insights, which were strongly influenced by personal work experiences, upon the broad scientific and corporate literature that has been reviewed and finally upon the broad media coverage,

This view was also grounded on reports from some companies and on the perceptions of interviewed managers (cf. Section 7.4.1) of this sector that stated that sustainability is a matter of business competitiveness and survival. Currently, the petrochemical industry's diverse initiatives towards S can be identified both in their corporate sustainability reports and in their trade association's sustainability initiatives such as the *Brazilian Chemical Industry Association's* (ABIQUIM) "Responsible Care Program" (cf. Section 7.4).

Chapter 3 presents and examines the theoretical framework that supports and represents the scientific pillars of this thesis research. It contributes to the studies of the behavioral aspects of innovation as it draws on behavioral and innovation theory to identify behavioral determinants of innovation.

It has been a common view in the academic, business and non-business realms that making the transition to more sustainable performance is not an easy task. As highlighted in the following paragraphs, such a transition involves structural changes of technological and organizational aspects of the industrial sector and of the surrounding social, business and institutional contexts. Additionally, changes in the perceptions, beliefs and behaviors of industrial and societal players, towards environmental preservation, is one of the important determinants of the reconciliation of industry's interests and the broad societal expectations and demands (Montalvo-Corral, 2002).

It is often argued that there is no agreement on the physical limits of the environment. Despite this view, there are strong societal appeals and demands for new kinds of development (Jiménez Herrero, 2001) based on innovative visions and approaches, and on new forms of organization. Such development forms are perceived to be effective ways to foster the development and utilization of new technologies for helping to ensure more sustainable processes, products and services.

Due to its unique character of producing and releasing vast amounts and types of hazardous and toxic substances into the environment and being largely dependent on

nonrenewable<sup>43</sup> natural resources, as the source of raw materials and energy<sup>44</sup>, the Brazilian petrochemical industry<sup>45</sup> is basically an environmentally unsustainable business.

For the petrochemical manufacturing companies to be sustainable, it is essential for them to disconnect from their present raw materials and energy sources and from the current manufacturing practices. In addition, it is important to promote changes towards new and innovative technologies that produce non-toxic and recyclable products made from renewable raw materials and using renewable energy sources. More sustainable manufacturing processes ought to increasingly be non-polluting and require less energy input/unit of product/service yielded. This will require new innovative technological, management and accounting regimes.

In this thesis, the interest of the author focused upon eco-innovative processes related to the chemical synthesis and production processes as they represent the heart of the petrochemical industry. In this regard, this study tested the propensity of industries in the Brazilian petrochemical sector to engage in eco-innovative processes based upon the Green Chemistry and Green Engineering (GCE) frameworks.

As noted in Chapter 7, the GCE principles were not entirely known by the surveyed Brazilian petrochemical companies. In this regard, this thesis research was designed to contribute to promote GCE as viable baseline frameworks for directing companies present technological systems towards “greener” approaches; thereby creating commitment to working to create a more sustainable (petro)chemical industry.

In this research, the author interpreted the need for structural changes in the petrochemical industry sector, as well as in the broader societal context, as a need to find new and unprecedented solutions to our environmental sustainability challenges. In another words, there is a strong need to innovate. This requires innovative technological solutions and innovative visions, attitudes, values, policies and approaches in the social, business and institutional environment that support them.

Innovative processes have to be developed and implemented to replace the present petrochemical industry technological, organizational and institutional regimes with those that can increasingly fulfill the industries and societal sustainability requirements and expectations within the context of a sustainable eco-systems.

Innovation is a collective and socially constructed process with interactions of interlinked social and economic agents (Christ, 2007; Fagerberg, 2006; Edquist, 2005). Agents can be individuals and organizations, which are, in the end, comprised of humans. Corporate willingness to perform specific innovative behavior is intrinsically connected to human perceptions and beliefs (Ajzen, 1991, Beckenbach and Daskalakis 2008, Montalvo-Corral, 2002).

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<sup>43</sup> Natural resources are considered to be nonrenewable due to the short time frames required by the economic processes.

<sup>44</sup> For figures on consumption of raw materials and energy sources by the Brazilian chemical sector refer to *Brazilian Energy Balance Report 2009*, Brazilian Ministry for Mines and Energy and Empresa de Pesquisas Energéticas (EPE), [https://ben.epe.gov.br/downloads/Relatorio\\_Final\\_BEN\\_2009.pdf](https://ben.epe.gov.br/downloads/Relatorio_Final_BEN_2009.pdf).

<sup>45</sup>Petrochemical: Any compound obtained from petroleum or natural gas (<http://www.websters-online-dictionary.org/definition/petrochemical>), accessed in December, 2009.

Petrochemicals: Chemicals made from oil, natural gas or other fossilized hydrocarbons .

<http://www.greatlakesbioenergy.org/research/bioenergy-glossary/>, accessed in December, 2009.

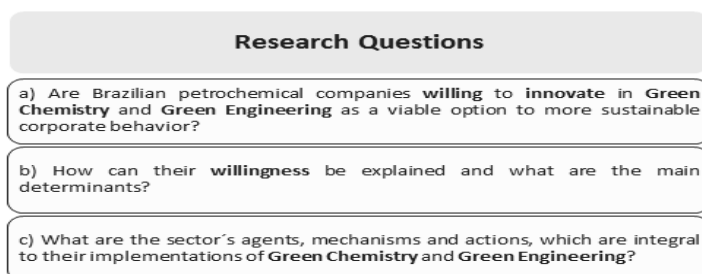
It can be argued that beliefs are strongly associated with the processes of behavioral change. “(...) almost always, there will be a set of understandings or beliefs associated with a particular routine, which explicates or rationalizes why it is appropriate in a particular context, and often, which provides an explanation of why and just how it works” (Nelson and Nelson, 2002: 267).

This thesis researcher established a relation between eco-innovation and corporate behavioral aspects. It pursued the identification of the relevant agents, significant determinants and mechanisms that are likely to act as incentives and disincentives for the companies, in the Brazilian petrochemical sector, to engage and invest in projects using the GCE principles as technological orientation.

In addition, this study searched for evidence that indicated that companies have advanced beyond intentionality (willingness) and effected technical and non-technical initiatives that promoted advancements towards higher states of S of their products, processes and services.

Another important point covered in this research was the identification of the relationships and influences of important sector level actors and mechanisms in the acceptance, dissemination and implementation of the GCE frameworks at the company level.

The research questions highlight the theoretical framework supporting the research objectives:



The following objectives were addressed in seeking to answer the research questions:

- To help to ensure innovative progress within and among the companies in the Brazilian petrochemical sector *via* a sound theoretical framework grounded on innovation theory with a specific focus on its behavioral aspects and on its systemic nature;
- To utilize this theoretical framework to study significant preconditions for the onset of GCE-based eco-innovation processes;
- To assess the willingness<sup>46</sup> of Brazilian petrochemical company leaders to incorporate Green Chemistry and Green Engineering into their companies' environmental governance;

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<sup>46</sup> The behavioral intention (willingness) is the immediate pre-condition for the engagement in and the performance of a specific behavior. This issue is fully explored in Chapter 2.

- To assess the variables that emerged as the determinants of companies' willingness to engage in GCE-based eco-innovation processes;
- To assess the extent to which companies have advanced beyond intentionality and made progress towards S *via* SD-based technical and non-technical initiatives;
- The identification of the relationships and influences of important sector level actors and mechanisms in the acceptance, dissemination and implementation of the GCE frameworks at the company level.

This thesis research was developed based on a theoretical background that was supported by two fundamental and interrelated pillars. The first one was represented by the theoretical fundamentals of the theory of innovation and, more specifically, upon its systemic nature. In this respect, due to the research focus on companies that pertain to the petrochemical sector, the Sectoral Systems of Innovation (SSI) framework was one of the main theoretical elements in the study of eco-innovative processes in this domain. Considerations on the relevant aspects of SSI were discussed in Section 3.1.

The argumentation, presented in Section 3.1 was supported by Appendix H where background considerations on technical change and innovation processes were discussed. In this respect, and in order to stress and highlight the importance of innovation in the economy, Appendix H showed the relations of innovation to competitiveness in the economic sphere. In addition, it highlighted the evolutionary aspect of innovation and the relation to technological and economic change. Complementarily, relevant theoretical aspects of the structure of technological changes such as technological paradigms, trajectories and regimes were introduced.

In parallel, Appendix H presented and discussed the systemic nature of systems of innovation as supporting elements for a better understanding of the origins and application of the SSI framework. Finally, as eco-innovation possesses characteristics that are different from "normal innovations", aspects regarding eco-innovation were presented at the last part of Appendix H.

The second pillar was related to behavioral aspects of innovation. Section 3.2 addressed the aspects and the determinants of innovative behavior *via* the presentation of the theoretical elements that constitute Icek Ajzen's (1991) Theory of Planned Behavior (TPB).

Although there is a "somewhat strange neglect of the behavioral aspects related to the innovation process" (Beckenbach and Daskalakis 2008: 181), these aspects are central, much valued and important components in the evolutionary approach to innovation. In this thesis research, "willingness" was represented by the willingness (intentionality) of the firms' managers and important decision-makers to engage in GCE-based eco-innovation activities.

The behavioral hypotheses proposed by this study's behavioral model were tested against empirical data collected *via* a customized quantitative questionnaire. The behavioral model was used as the basis upon which the questionnaire was developed (cf. Chapter 5 and Appendix E).

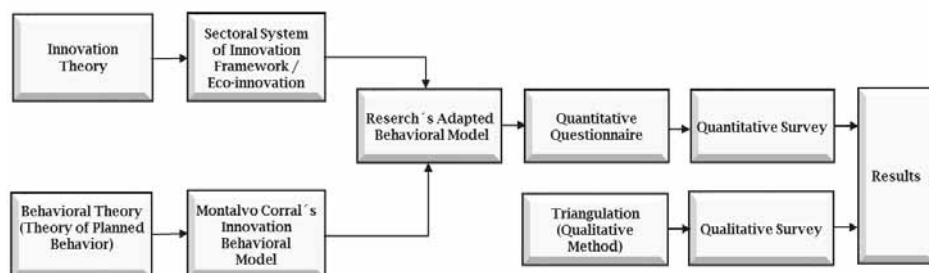
This researcher's modified model, put the firm at the center of the innovation system and introduced and merged the theoretical principles underpinning Franco Malerba's (2002, 2004) Sectoral Systems of Innovation (SSI) framework to Montalvo-Corral's (2002)

model. Figure 3.1 depicts schematically the research’s theoretical backgrounds and their relations.

In addition, in order to have a deeper view and a better understanding of the results obtained in this thesis researcher’s qualitative survey, further investigations were conducted using a qualitative triangulation method (cf. Section 4.7).

Diagrammatic representation of the overall structure of this research’s theoretical framework is presented in Figure 3.1.

*Figure 3.1- Diagrammatic representation of the overall structure of this research’s theoretical framework aimed at explaining companies’ willingness to eco-innovate*



Source: author

Section 3.3 discusses the choice of companies’ managers and key decision-makers as the thesis research’s unit of analysis.

### 3.1 Sectoral Systems of Innovation

As noted in Section 3.0 and in Appendix H the “Sectoral Systems of Innovation” (SSI) framework represents one of the major theoretical foundations in the context of this research. The merger of the SSI framework and the behavioral foundations provided by the “Theory of Planned Behavior” (TPB) provided the theoretical grounds for identifying important determinants for and explaining companies’ behavioral intention (willingness) to engage in GCE-based eco-innovation activities.

Before making considerations on the motivations underpinning the merger of the SSI framework and the TPB, for development of this thesis research’s operational behavioral model, it is important beforehand to discuss and to provide information on the foundations (concepts, definitions and framework) of the SSI framework.

#### 3.1.1 Differences Across Sectors and Heterogeneity of Firms Within a Sector: the Justification for the Use of the SSI Framework

The systemic nature of innovation can be studied at various levels of aggregation. It is left to the researcher to select the option of configuring the level of aggregation, which best fits, the research’s objectives. In the case of this thesis research”, in which the study of the determinants of pro-innovative environmental behavior in the firms’ domain is the ultimate objective, the adoption of the SSI as a suitable framework and analytical base was a plausible choice for reasons that are related to its conceptual and theoretical formulation as explained later in this section.

According to Malerba (2004: 9), “a sector is a set of activities, which are unified by some related product groups for a given or emerging demand and which share some basic knowledge. In a sector, firms have commonalities and at the same time are heterogeneous”.

This definition suggests that firms in a sector share communalities that are not shared with others belonging to other sectors. This makes a given sector a system with unique characteristics across the economy. These exclusive characteristics are reflected in the differences in sectors’ structures, dynamics and innovation processes. “Innovation processes greatly differ across sectors in terms of characteristics, sources, actors involved, the boundaries of the processes and the organization of innovative activities” (Malerba, 2005b: 380). The adoption of SSI, as a framework and analytical tool for the study of environmental innovation focused on the petrochemical sector, in the Brazilian context, is then fully justified.

Two other important factors associated with the theoretical and conceptual foundations of SSI have central influence upon the structure and content of this thesis research. The first is based upon the fact that SSI places firms as the key actors at the same time that it examines other types of agents. Firms are key elements in SSI as “they are involved in the innovation, production and sale of sectoral products, and in the generation, adoption and use of new technologies.” (Malerba, 2002: 255).

The second factor is associated with the heterogeneity presented by firms within a sector. In a sector’s domain, firms (organizations and individuals), at various levels of aggregation, although sharing communalities, have their own individual “personalities” and interests expressed by their specific learning processes, competencies, organizational structure, beliefs, objectives and behaviors (Malerba, 2005a).

These different “personalities” and interests are ultimately of significant importance and influence the outcomes of firm’s organization and decision-making processes. They can influence the emergence of specific determinants of a firm’s willingness to engage in environmental innovation endeavors in specific contexts (Montalvo Corral, 2002).

As presented in Section 3.2, firm’s willingness to perform a specific behavior is dependent on the belief system and perceptions of their key individuals on the factors that may represent incentives and disincentives for them to adopt specific behaviors. For objectives of policy design and strategic planning for the micro and meso levels, a diagnosis of these incentives and disincentives for eco-innovating across the companies in the sector is of high value. This diagnosis is the ultimate objective of this thesis research.

### **3.1.2 The Sectoral System of Innovation Framework**

“A sectoral system of innovation and production is a set of new and established products for specific uses and the set of agents carrying out market and non-market interactions for the creation, production and sale of those products. Sectoral systems have a knowledge base, technologies, inputs and demand. The agents are individuals and organizations at various levels of aggregation, with specific learning processes, competencies, organizational structure, beliefs, objectives and behaviors.” (Malerba, 2002: 248)

The sectoral system of innovation (SSI) framework examines the factors that influence innovation in sectors. According to Malerba (2002), it presents a multidimensional, integrated and dynamic view of innovation in sectors.

Stemming from diverse theoretical, intellectual and analytical traditions (cf. Tabel 3.1)

Intellectual and Theoretical Traditions/Authors	Relevant Aspects/Concepts of the SSI Framework
Case studies	- Evidences on the features and working of sectors, on their technologies, production, innovation and demand and on the type and degree of change
Sectoral taxonomies (Joseph Schumpeter, Keith Pavitt)	- Differences across sectors in innovative activities
Change and transformations in sectors: Industry life cycle literature (James Utterback and Steven Klepper) Analyses of long-term evolution of industries (Joseph Schumpeter, Simon Kuznets and Colin Clark)	- Laws of motion; - Dynamics; - Emergence and - Transformation
Links and interdependencies and sectoral boundaries Concept of development blocks (Erik Dahmen)	- Relationships between boundaries of sectors and their interdependencies and links among related industries; - Changes of boundaries of sectors in time; - Dynamic complementarities among artifacts and activities.
Innovation systems approach (Bengt-Åke Lundvall, Bo Carlsson, Charles Edquist)	- Innovation as an interactive process among a wide variety of actors; - Firms do not innovate in isolation. Innovation as a collective process; - In innovative processes firms interact with other firms and non-firms organizations; - Firms and non-firms actions are shaped by institutions; - Emphasis on interdisciplinarity and historical perspective; - Learning as a key determinant of innovation.
Economic evolutionary theory (Richard Nelson, Sidney Winter, Giovanni Dosi, J. Stanley Metcalfe)	- Dynamics, processes and transformation (et the center of analysis); - Knowledge and learning are key elements in the change of the economic system; - Agents' bounded rationality and uncertain and changing environment; - Relations between competencies, knowledge and organizational content; - Learning, knowledge and behavior relations with agents heterogeneity in experience, competencies and organization; - Emphasis on cognitive aspects such as beliefs, objectives and expectations, which are affected by previous learning and experience and by the environment in which agents act; - Economic processes driving economic change: <ul style="list-style-type: none"> <li>• processes of variety creation in technologies, products, firms and organizations;</li> <li>• processes of replication;</li> <li>• Processes of selection.</li> </ul> - Aggregate phenomena are emergent properties of interaction far from equilibrium.

the SSI concept follows the concepts of the theory of evolutionary economics, whereby learning, knowledge, competencies and a major focus on dynamics are central. In parallel, SSI is also solidly grounded on the studies of the systems of innovation, in which cooperation networks and the relationships between agents are key elements to the innovative processes. The SSI approach is complementary to other systemic innovation approaches and concepts such as national systems of innovation, regional/local systems of innovation and technological systems of innovation (Malerba, 2004).

As noted in Malerba's definition of SSI, five key points are highlighted:

- Focus on the supply as well as on the demand side;
- Examines other types of agents in addition to firms;
- Places considerable emphasis on non-market as well as on market interactions;
- Pays attention to institutions, and
- It focuses on processes of transformation of the system and does not consider the sectoral boundaries as given or static.

The structure and the functioning of a SSI are context-specific and are a result of the interaction of the elements that belong to the domains associated with the three main dimensions of sectors. These dimensions represent the SSI building blocks (Malerba, 2002, 2004, 2005a and 2005b):

- Knowledge, technological domain and boundaries;
- Actors, interactions and networks;
- Institutions.

The following paragraphs explore the core concepts encompassed in these SSI building blocks based fundamentally upon the work of Franco Malerba (2002, 2004, 2005a and 2005b). For a better and easier understanding, they are presented in a synthetic form. A more elaborate examination is presented in Chapter 5.



Table 3.1- Theoretical and intellectual traditions supporting the SSI framework

Intellectual and Theoretical Traditions/Authors	Relevant Aspects/Concepts of the SSI Framework
Case studies	- Evidences on the features and working of sectors, on their technologies, production, innovation and demand and on the type and degree of change
Sectoral taxonomies (Joseph Schumpeter, Keith Pavitt)	- Differences across sectors in innovative activities
Change and transformations in sectors: Industry life cycle literature (James Utterback and Steven Klepper) Analyses of long-term evolution of industries (Joseph Schumpeter, Simon Kuznets and Colin Clark)	- Laws of motion; - Dynamics; - Emergence and - Transformation
Links and interdependencies and sectoral boundaries Concept of development blocks (Erik Dahmen)	- Relationships between boundaries of sectors and their interdependencies and links among related industries; - Changes of boundaries of sectors in time; - Dynamic complementarities among artifacts and activities.
Innovation systems approach (Bengt-Åke Lundvall, Bo Carlsson, Charles Edquist)	- Innovation as an interactive process among a wide variety of actors; - Firms do not innovate in isolation. Innovation as a collective process; - In innovative processes firms interact with other firms and non-firms organizations; - Firms and non-firms actions are shaped by institutions; - Emphasis on interdisciplinarity and historical perspective; - Learning as a key determinant of innovation.
Economic evolutionary theory (Richard Nelson, Sidney Winter, Giovanni Dosi, J. Stanley Metcalfe)	- Dynamics, processes and transformation (et the center of analysis); - Knowledge and learning are key elements in the change of the economic system; - Agents' bounded rationality and uncertain and changing environment; - Relations between competencies, knowledge and organizational content; - Learning, knowledge and behavior relations with agents heterogeneity in experience, competencies and organization; - Emphasis on cognitive aspects such as beliefs, objectives and expectations, which are affected by previous learning and experience and by the environment in which agents act; - Economic processes driving economic change: <ul style="list-style-type: none"> <li>• processes of variety creation in technologies, products, firms and organizations;</li> <li>• processes of replication;</li> <li>• Processes of selection.</li> </ul> - Aggregate phenomena are emergent properties of interaction far from equilibrium.

Source: author

## Knowledge, Technological Domain and Boundaries

Knowledge and learning are increasingly important at all levels of the economy (learning economy) and it is no longer valid to theoretically consider technologies, skills preferences and institutions as exogenous (Lundvall, 1996). In the technological domain, a “technological regime is a particular combination of some fundamental properties of technologies: opportunity and appropriability conditions; degrees of cumulateness of technological knowledge and characteristics of the relevant knowledge base” (Malerba, 2005a: 64). Knowledge is, therefore, at the base of technological change and plays a pivotal role in innovation. It is highly specific at the firm level, it does not diffuse automatically and freely and it is absorbed by the firms, through differential abilities accumulated by them overtime (Malerba, 2002: 251).

In a SSI, the sectoral borders of the system are not fixed and change overtime because of the dynamic links and complementarities (interdependencies and feedbacks) between artifacts, technologies and activities at the production and demand sides.

## Actors, Interactions and Networks

With regard to agents, interactions and networks, firms are the key actors in a sectoral system as they are involved in the innovation, production and sale of sectoral products and services; and in the generation, adoption and use of new technologies (Malerba, 2002 and 2004). Firms also include users (demand side) and suppliers (*ibid*). According to Malerba (*ibid*), the SSI framework views agents on the demand side as heterogeneous elements that hold their own specific attributes knowledge and competencies. They interact with producers in a variety of ways. On the supply side, agents' attributes, knowledge and competencies possess affinities and close relationships with firms within a sector.

Agents in a sector are heterogeneous. They can be organizations (firms and non-firms) and individuals. They are characterized by specific learning processes, beliefs, expectations, competencies, organization and behaviors. Agents are engaged in processes of learning and knowledge accumulation. Lundvall (1996) argued that skills are included in the knowledge domain and that learning is basically a process of competencies building. He also highlighted (*ibid*: 1) that "learning is an interactive process and knowledge is a collective asset shared in networks and organizations" (Lundvall, 1996). Malerba (2002) argued that in uncertain and changing environments, the emergence of networks occurs due to the dissimilarities and complementarities of agents.

Agents interacting in a sectoral system are connected and relate to each other via market and non-market relationships and interact through processes of communication, exchange, cooperation, competition and command. They undergo changes and transformation through processes of co-evolution. Agents also relate to each other in formal cooperation and informal interaction. In SSI, the sense of structure is related to links among artifacts and to relationships among agents. This is different from the concepts used in industrial economics where structure is associated with market structure, vertical integration and diversification. Networks and agent's interactions are important elements behind the integration of complementarities in knowledge, capabilities and specialization.

## Institutions

According to Malerba (2005b), in all sectoral systems, institutions play a fundamental role in influencing the rate of technological change, the organization of innovative activity and performance. The fundamental argument underpinning the importance of the institutions in a SSI is the fact that they shape agents cognition and actions and affect their interaction.

Institutions often have an informal character and reproduce the contents of common habits, norms, routines that regulate social and economic life. They hold a substantial "tacit knowledge"<sup>47</sup> as opposed to the formal institutions whose contents are basically comprised of "codified knowledge"<sup>48</sup> as laws, standards and specific regulations (Conen and Diaz Lopez, 2009).

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<sup>47</sup> Polanyi (1966) classified human knowledge into two categories: "Explicit" (cf. note 12) and "Tacit" knowledge. "It is generally accepted that tacit knowledge is non-codified, disembodied know-how that is acquired via the informal take-up of learned behavior and procedures" (Howells, 1996: 92). "Tacit knowledge has a personal quality, which makes it hard to formalize and communicate". (Nonaka, 1994: 16)

<sup>48</sup> "Explicit or codified knowledge refers to knowledge that is transmittable in formal, systematic language." (Nonaka, 1994: 16)

In the formal field, regulative institutions refer to the formal rules constraining and regulating behavior and are backed by sanctions. The informal institution's domain is mainly permeated by normative institutions, which encompass informal rules that follow from socialization processes and socially desirable expectations (*ibid*). Additionally, "cognitive rules constitute the nature of reality and the frames through which meaning or sense is made. Symbols (words, concepts, myths, signs, gestures) have their effect by shaping the meanings we attribute to objects and activities" (Geels, 2004: 904)

Institutions can emerge as a result of agents' intentional elaboration and as the result of planned decisions or can be an unpredicted result of agents' interaction. They can act upon agents' behavior and interaction both as binding and stimulating (Malerba, 2002). Depending on the context and on the specific case, institutions can exist in isolation or be part of a system of institutions whereby, its regulating character is rendered effective through the complementarities and influence of a number of different institutions (*ibid*).

They can be national and sectoral and vary across countries and sectors. It is also important to highlight the crucial influences of national institutions on sectors and *vice versa*. National institutions affect different sectors in different manners by favoring sectors that fit their specificities better and by limiting innovation processes in other sectors. In the opposite direction, sectoral institutions can evolve and occupy the national level (Malerba, 2002, 2004, 2005a, 2005b).

### **3.2-The Theory of Planned Behavior: Background and Theoretical Aspects**

As stated previously, innovation theory and its behavioral aspects are important theoretical pillars that support and form the structure for this thesis's research. In this respect, Appendix H was entirely devoted to present the aspects, principles and relations that underpin technological change, innovation and eco-innovation that are of interest in this work.

Section 3.2 discussed the behavioral theoretical grounds that support eco-innovation processes. It builds upon the previous sections of this thesis research. The main objective of this section is to provide a testable theoretical body for conducting the micro to meso level study designed to gain an understanding of the determinants of eco-innovative behavior in the Brazilian petrochemical sector.

Social human behavior in the industrial realm, at the firm and sector levels or at the supply and demand sides, plays a fundamental role in the innovation processes. At the firm level, owing to its evolutionary heritage, innovation studies establish a primary dependence of innovation on individual and organizational behavior. This is illustrated by Nelson and Winter (1982: 72) who addressed concerns "with the behavioral aspects of firms and other organizations". They explored the connections between routines and innovations and clarified how innovative activities relate to the general image of firm's behavior that is governed by its routines.

This view was shared and reinforced by (Meeus and Oerlemans, 2000) who argued that innovative activities were understood as a component of behavioral routines, which determine the competitive edge of firms.

As noted in Appendix H, innovations and routines are not produced unexpectedly. Firms deliberately innovate and dedicate financial, material and cognitive resources to that

purpose. Cognitive resources can be traced back to the individual level (Beckenbach and Daskalakis, 2008). “Investigating the reason why a firm’s agents leave well-established routines and switch to a highly uncertain innovation process, is a further important aspect of a behavioral foundation of innovation processes” (*ibid*, 182).

In this regard, the study of determinant factors that can influence companies to change their behavior towards the environment and promote their deliberate engagement in eco-innovative activities, is the most important contribution of this thesis research to innovation studies.

By providing an understanding on and an explanation of these influences on the development of companies’ intention (willingness) to engage in pro-environmental behaviors, it is expected that this work contributes to diminish the “somewhat strange neglect of the behavioral aspects related to the innovation process” (Beckenbach and Daskalakis, 2008: 181).

Innovating means undergoing processes of change. As these processes are socially induced and constructed, it seems plausible that any human social activity is molded and mediated by factors that determine and shape human behavior.

Explaining why and how innovative behavior takes place at the firm level and identifying the elements that determine and influence (incentives and disincentives) innovation processes has been a major challenge in theoretical and empirical innovation studies (Montalvo, 2006). According to Montalvo (*ibid*: 312), these studies and challenges have been historically adversely influenced by some shortcomings that reside in “three fundamental concerns about the current state of the innovation literature (...) concerning the capacity of current models to explain and predict innovative behaviors”:

- a) A commonality of current theories and studies is that they tend to put emphasis on individual factors as determinants of the innovative behavior and much of the knowledge is still rather fragmented due to the lack of the unification of diverse insights;
- b) No models have been provided to facilitate the quantitative empirical test of the influences of these individual factors;
- c) The literature does not propose methodologies to assess the origin of such dissonance between cognition and behavior.

This vision of fragmented, dissimilar factors influencing behavior was also shared by Bamberg and Schmidt (2003: 265):

“(...) many of these studies were exploratory in nature. As such, many of them examine variables without providing a strong theoretical basis for doing so. Often it remained unclear how these factors relate to each other when studying environmental behavior”.

In order to overcome these shortcomings, Montalvo (*ibid*) emphasized the need for the provision of a single theoretical body that could unify the many fragmented insights,

individual determinants and dissimilar factors<sup>49</sup> attributed to the occurrence of innovative behavior in organizations by current theories and studies (*ibid*).

This was translated as a need for the development of a theoretical and methodological approach that enabled the integration of insights from diverse areas of innovation studies towards the explanation of innovative behavior of the firm in specific contexts.

According to Bamberg and Schmidt (*ibid*: 265) “a great advantage of theory-driven models is that they contain precise operationalization of the theoretical constructs used and specify the causal processes through which they affect behavior”.

As a consequence, Montalvo Corral (2002) proposed a behavioral structural descriptive model (cf. Chapter 5) that:

“Compared to previous models that explain the innovative behavior of firms, the structural model proposed (...) not only enables to comprehensively explore the internal and external operating contexts of the firm. In addition, it allows assessing the influences between the predictors and the propensity of the firm to innovate and explore what type of relationship could exist among variables”. (Montalvo, 2006: 320)

Following Montalvo Corral’s (2002) seminal work, this thesis research was designed to contribute to behavioral sciences and innovation research fields. It developed insights and reflections designed to help to reverse the historical neglect related to the behavioral aspects of innovation. In addition, this research can contribute to the field of innovation economics as “analyzing the behavioral foundations of innovation should be viewed as a one main topic of innovation economics” (Beckenbach and Daskalakis, 2008: 181).

In addition, this thesis research contributes to the field of behavioral economics<sup>50</sup>, which “uses evidence of psychology and other disciplines to create models of limits to rationality, will-power and self-interest, and explores the implication in economic aggregates” (Camerer, 2006: 181).

“(…) economic theory is more than an analogy to behavioral psychology; economics is also a science of behavior, albeit that of highly organized human behavior” (Hursh, 1984: 435).

The need for a unifying theoretical body for predicting and explaining human social behavior has produced a variety of social-psychological theories used for the explanation and prediction of social behavior. They cover different grounds and incorporate many diverse insights, approaches and theoretical formulations. Such theories have been applied to a variety of different contexts producing many different results (cf. Bamberg and

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<sup>49</sup> “e.g. institutional arrangements, entrepreneurial or risk taking behaviors, economic opportunities, organizational learning, technological and organizational capabilities, etc.” (Montalvo, 2006: 312).

<sup>50</sup> Behavioral Economics: “a method of economic analysis that applies psychological insights into human behavior to explain economic decision-making. Source: Oxford Dictionaries” ([http://www.oxforddictionaries.com/us/definition/american\\_english/behavioral-economics](http://www.oxforddictionaries.com/us/definition/american_english/behavioral-economics)) accessed in August 2013). It studies the effects of emotional, social and cognitive factors on the economic decisions of individuals and institutions and their impact on economic aggregates.

Schmidt, 2003). Additionally, behavioral theories and models harbor the analytical problem related to the level of analysis.

“Notably, for more than a hundred years, economics (...), sociology (...) and the philosophy of science (...) have witnessed a debate as to whether individuals (‘micro’) or social collectives (‘macro’) have explanatory primacy. This debate has raged under the label of ‘methodological individualism’ versus ‘methodological collectivism’. The issue and debate carry very substantial theoretical and explanatory implications; for example, what are the relations between micro and macro levels? Do we always need to invoke micro-level explanatory mechanisms when trying to explain some macro-level phenomenon? Is it legitimate to rely on aggregate constructs as part of the *explanans* – or, are these only present in the *explanandum* of an explanatory structure?” (Felin and Foss, 2006: 2).

In this respect, because this research work focused upon firms as the central object of study, the choice of the most appropriate level of analysis, which can best explain innovative behavior at the firm level, was of extreme relevance.

According to Staw (1991: 815), “many rather universalistic tendencies on the part of the individuals will aggregate into organizational level behavior”. Additionally, he argued that psychological models are of relevance under circumstances in which individual behaviors and individual-level processes influence and mediate organizational actions, and theories of human behavior serve as a metaphor for the actions of organizations.

In the same line of argumentation, Beckenbach and Daskalakis (2008) called attention to the importance of agent-related surveys in the innovation research. According to them, the usefulness of such surveys resides in their capability of enabling a disaggregated assessment of observable innovation elements. In parallel, they allow for taking into consideration innovation determinants, which cannot be observed with the usual methods.

They further emphasized that this kind of survey is able to capture agent-related micro-foundation topics that have often been neglected. This includes the agents’ cognitive processes in terms of knowledge, memory, attitudes and beliefs involved in the process of novelty creation. Such processes depart from the development of agents’ perceptions on market processes up to their transformation into courses of action. Although this issue is fundamentally important in the study of firms’ behavior, it is more appropriately dealt with in Chapter 5 in which it is addressed in detail.

Based on the foregoing paragraphs, and in line with this thesis researcher’s objectives, Ajzen’s (1991) “Theory of Planned Behavior” (TPB) and Montalvo Corral’s (2002) TPB based structural descriptive behavioral model (cf. Chapter 5) are referred to as the behavioral theoretical body, organizing framework and analytical tool for the study of the determinants of the eco-innovative behavior of companies. Following the work of Montalvo Corral (*ibid*), this study was conducted at the individual level as a proxy to infer the planned behavior of the firm. The TPB is presented in Section 3.2.1 in the depth required for this research.

### 3.2.1- Theoretical Aspects of the Theory of Planned Behavior

The “Theory of Planned Behavior” (TPB) is a social psychology based behavioral theory in which the “true goal of the theory is explaining human behavior, not merely predicting it” (Ajzen, 1991: 189). It has been applied as a framework in the studies of explanation and prediction of a large number and a wide variety of social behaviors in a broad spectrum of social activities in different contexts (for examples of the TPB applicability, cf. Ajzen, 1991 and 1996, Montalvo-Corral, 2002 and When de Montalvo, 2003).

Despite the existence of TPB-based empirical studies, for a vast set of environmental behaviors (e.g. Bamberg 2003, Bamberg and Schmidt, 2003; Beckenbach and Daskalakis, 2008, Harland *et al.*, 1999; Kalafatis *et al.*, 1999; Manetti *et al.*, 2004), according to Beckenbach and Daskalakis (2008), not much attention has been dedicated to behavioral aspects related to the eco-innovation process. In this regard, “only few empirical studies have been influenced by the findings of modern cognitive psychology” (*ibid*, 2008: 181) (e.g. Beckenbach and Daskalakis, 2008; Montalvo-Corral, 2002; Montalvo, 2005 and 2006; When de Montalvo, 2003; Sartorius, 2008, Zhang *et al.*, 2011).

The following sections explore the theoretical aspects of the TPB that are relevant to this thesis research and provide a foundation for a better understanding of the development of its behavioral model (cf. Chapter 5). Such behavioral model was empirically tested in the context of the Brazilian petrochemical sector (cf. Chapter 6 and Appendices A, B and C).

#### **The Contributions from the Decision-Making Theory to the Development of the Theory of Planned Behavior**

When an individual decides to engage or simply not to engage in a behavioral mode, he or she is actually making a choice (Ajzen, 1996). Human decision-making is a socio psychological process that is influenced and constructed by the interaction of a number of interdependent social, personal and environmental aspects that pose a host of challenges to decision-makers. This argument was synthetically explored by Ajzen (*ibid*: 297):

“Most important perhaps, is the problem structuring occurring prior to making a decision, in which she or he becomes aware of the problem that requires decision, specifying the possible courses of action, collecting information about the possible alternatives, identifying likely future events and other circumstances relevant to the decision and considering the possible outcomes on the chosen action and prevailing circumstances. After structuring the problem needs to estimate the probabilities of the outcomes associated with the different alternatives, the appraisal of the subjective values or utilities of the outcomes, integrate these outcomes to choose a preferred course of action and then implement the decision at an appropriate opportunity.”

For each of these noted aspects, there are various subjacent processes and influencing mechanisms. According to When de Montalvo (2003: 34), “research into factors that influence human judgment and decision-making provides a basis for deriving the necessary theoretical constructs”. She also called attention to the multidisciplinary character of the decision-making domain. Decision-making domain undergoes influences and contributions from different areas of knowledge as diverse as economics, political sciences, organization and management studies and social psychology.

The field of behavioral decision-making is vast and multidisciplinary. Covering all aspects and the many theoretical contributions related to it is out of the boundaries of this work. In this thesis research, for the sake of providing a good understanding of the TPB, the interest resided in covering conceptual and theoretical aspects that can exert influence on its conception and that can provide theoretical support for the theory.

According to Bamberg and Schmidt (2003: 265), “the development of models for explaining and predicting environmental behaviors has become a key issue of social science environmental research”. Additionally, they stated that the application of well-established social-psychological theories for explaining and predicting environmental behavior provides the advantage of allowing for the development of theory-driven models containing “precise operationalization of the theoretical constructs used and specify the causal processes through which they affect behavior” (*ibid*: 265).

In the field of the social psychology, research on decision-making explores attitude formation as a central research field (*attitude-behavior* models). In this regard, much of the decision-making research has been based on the Rational Choice Theory (RCT). According to the RCT, “actors are assumed to anticipate and evaluate the consequences of what they do. As a result, behavior is construed as a decision that is based on what people expect as a result of what they do and on their beliefs if this is good or bad” (Strack and Deutsch, 2007: 408).

Additionally, according to Opp (1999)<sup>51</sup>, the RCT took into consideration the following important assumptions in explaining human behavior: (a) the cognitive limitations of the decision-makers (bounded rationality); i.e. “(...) failure of knowing all existing alternatives, uncertainty about the relevant exogenous events, and inability to calculate consequences” (Simon, 1979: 502), (b) that all kinds of preferences may be explanatory factors, (c) that all kinds of constraints may govern human behavior, (d) that perceived (subjective) and objective constraints may be relevant, and (e) that constraints and preferences taken together may explain behavior. These assumptions are present in the theoretical aspects that support TPB.

The RTC influenced the work of Martin Fishbein and Icek Ajzen in the development of their *attitude-behavior* theories and models. Their well-known, “Theory of Reasoned Action” (TRA)<sup>52</sup>, the predecessor of the TPB, is a prominent example of a RCT influenced theory. In the TRA, Fishbein and Ajzen (1975: 29), stated that “a person’s attitude toward any object is a function of his beliefs about the object and the implicit evaluative responses associated with these beliefs”; i.e. people’s decision on what they do is conditioned and determined by their attitude toward the behavioral outcome (Strack and Deutsch, 2007). It can be argued that, in general terms, any given decision is associated with a target behavior (Montalvo Corral, 2002).

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<sup>51</sup> Opp (1999) explored the RCT in its diverse aspects by making comparisons of its “narrow” and “wide” versions. The assumptions explored in that text were extracted from RCT’s “wide” version. This choice was based mainly on the fact that factors such as bounded rationality and the other assumptions that are present in the RCT “wide version” are in line with the underlying aspects of the TPB.

<sup>52</sup> The “Theory of Reasoned Action” (TRA) postulates that besides attitudinal factors, social or normative factors are two major factors that determine behavior (Fishbein and Ajzen, 1975). Since the TRA is the predecessor of the TPB, from which it inherited its theoretical formulation and the attitudinal and normative constructs, the TRA is not covered in detail in this section but it is indirectly considered in the discussions related to the TPB.



In regard to beliefs, Fishbein and Ajzen (1975: 218) argued that “although a person may hold a large number of beliefs about any given object, it appears that only a relatively small number of beliefs, no more than five to nine, serve as determinants of her or his attitude at any given moment”. These are called “salient beliefs”. Salient beliefs tend to correlate more strongly with an independent measure of attitude than non-salient beliefs (Ajzen, 1996: 191). “The source of beliefs can be logical processes as well as emotions and desires” (When de Montalvo, 2003: 35 *apud* Ajzen, 1996).

Complementary to the discussions regarding the attitude forming beliefs, it is important to underscore the role of behavioral intention in the attitude-behavior domain.

According to Ajzen, (1991), Fishbein and Ajzen (1975) and Triandis (1977), the decision to engage in a behavior is mediated by the behavioral intention and that the attitude construct is a central social psychological concept used to predict and to explain behavioral intention and actual behavior (Ajzen, 1996).

According to Eagly and Chaiken (1993), it is mostly agreed among social psychologists that attitude is the tendency to respond to an object with some degree of favorableness. At the core of a person’s attitude, dwells her or his evaluative reaction to the attitude object. This evaluative reaction is attributed to the beliefs that this person holds towards to the attitude object (behavior) (Ajzen, 1996).

In order to operationalize their *attitude-behavior* theoretical formulations, and to measure the beliefs-attitudes relations, Fishbein and Ajzen proposed a descriptive model (TRA) “that is applicable to any set of beliefs, salient and non-salient, new or old” (Fishbein and Ajzen, 1975: 222).

The model was developed based on the theoretical grounds of the expectancy-value theories (or expectancy-value models - EV). Expectancy value theories stem from the argument that people would learn to perform (or increase their probability of performing) a behavior that they expected to lead to positive outcomes (*ibid*). “According to the expectancy-value model, a person’s evaluation of the attitude contributes to his attitude in the proportion of the strength of his belief” (*ibid*: 222).

Consistent with the assumptions made by the RCT, in explaining human behavior, the EV models make no assumptions on rationality and rely on the internal consistency<sup>53</sup> between the model’s constructs instead (Ajzen, 1996). Additionally, they are not limited to the use of cognitive elements only, their formulation also include non-cognitive factors (*ibid*, 1996). The model is not based upon assumptions on causality, but deals with the relations between beliefs and attitudes (Fishbein and Ajzen, 1975).

Expectancy value models are considered the ones that better support this approach of attitude formation as they are based on the relations between beliefs about an object and the attitudes towards this object. In EV models, the predisposition to engage in a behavior is also directly related to the decision-maker’s evaluation of each outcome and to the subjective probability that the behavior will produce that outcome.

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<sup>53</sup> Internal consistency refers to the degree of interrelatedness among the items (Cortina, 1993). It measures whether several items that propose to measure the same general construct produce similar scores.

Stated differently, each belief is associated with a specific outcome. A person's overall attitude towards the behavior is determined by the subjective values or evaluations of the outcomes associated with the behavior and the strengths of these associations. The basic analytical representation of the EV model is:

$$A \propto \sum_{i=1}^n b_i e_i \quad (\text{Eq. 3.1})$$

Where A is the attitude towards the behavior A,  $b_i$  is the strength of the belief (subjective probability) that the behavior will lead to outcome  $i$ ,  $e_i$  is the evaluation of outcome  $i$ , and  $n$  is the number of outcomes.

As stated earlier, EV models do not make assumptions about rationality. They rely on the internal consistency of beliefs with the constructs within the model and these constructs with intentions and intentions with behavior. In this chain of consistency along the descriptive behavioral models underlie the "principle of compatibility", formulated by Ajzen and Fishbein.

"According to this principle, attitudes predict behavior only to the extent that the two refer to the same underlying evaluative disposition. Because they reflect a general evaluation of the attitude object, behavioral aggregates (multiple-act criteria) are compatible with attitudes toward the target of the behaviors, whereas, a specific action performed in a particular context is compatible only with the evaluation of the specific behavior in question". (Ajzen and Fishbein, 2000: 17)

## Behavioral Definition

The "principle of compatibility", clarifies the conditions under which strong attitude-behavior correlation can be expected. This implies that, when applying the TPB, the first step towards understanding a behavior is to define the behavior under study (Montalvo Corral, 2002).

According to the "principle of compatibility", the TPB established four criteria for a behavior definition. Behavioral entities may be viewed as being defined by four different elements (a) the **action** (a given action is always performed with respect to a given target), (b) the **target** at which the action is directed, (c) the **context** in which the action is performed, and (d) the **time** at which the behavior is performed<sup>54</sup> (Ajzen and Fishbein, 1977). The generality or specificity of each element depends on the measurement procedure employed (*ibid*).

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<sup>54</sup> Although intention determines behavior, it should not be considered to be an accurate predictor of behaviors. According to Montalvo Corral (2002), a reliable prediction is contingent on two factors: (a) the degree of correspondence between the measure of intention and the behavioral criterion: action, target, context and time. "Intentions and behaviors correspond only to the extent that their elements are identical (...) Changing any of the four elements that define behavior can call out completely different (...) beliefs" (*ibid*, 39), and (b) the stability of behavior over time.

“A clear definition of each of these four behavioral criteria is essential for the accurate measurement of any behavior under study”. (Montalvo Corral, 2002 *apud* Ajzen, 1991)

The behavioral definition for this thesis research is presented in Chapter 4.

## **The Structure of the Theory of Planned Behavior**

The Theory of Planned Behavior (TPB) is a social psychology based theory concerned with predicting and explaining human social behavior. It is claimed to be a general theory of social behavior. Its formulation takes into account that most human behavior is goal-directed implying that social behavior can be depicted as moving along paths of more or less well formulated plans (Montalvo Corral, 2002).

Owing to its theoretical heritage from the decision-making theory in the social psychological domain, the TPB postulates that intention is the immediate predecessor determinant of an action (behavior). Ajzen (2005: 113) defined intention as:

“Intentions are assumed to capture the motivational factors that have an impact on a behavior, they are indications of how hard people are willing to try, or how much of an effort they are planning to exert in order to perform a behavior. These intentions remain behavioral dispositions until, at the appropriate time and opportunity, an attempt is made to translate the intentions into action.”

The Theory of Planned Behavior (Ajzen, 1991) is an expansion of the “Theory of Reasoned Action” (TRA) Fishbein and Ajzen (1975) whereby, behavioral intention is predicted and explained for cases when the behavior under study is completely under volitional control. According to the TRA (*ibid*) behavioral intentions are a function of the weighted sum of two constructs: (a) the actors’ attitude toward performing the behavior under a given set of circumstances, and (b) the person’s perception of the social influence exerted by important referents for the performance of a given behavior.

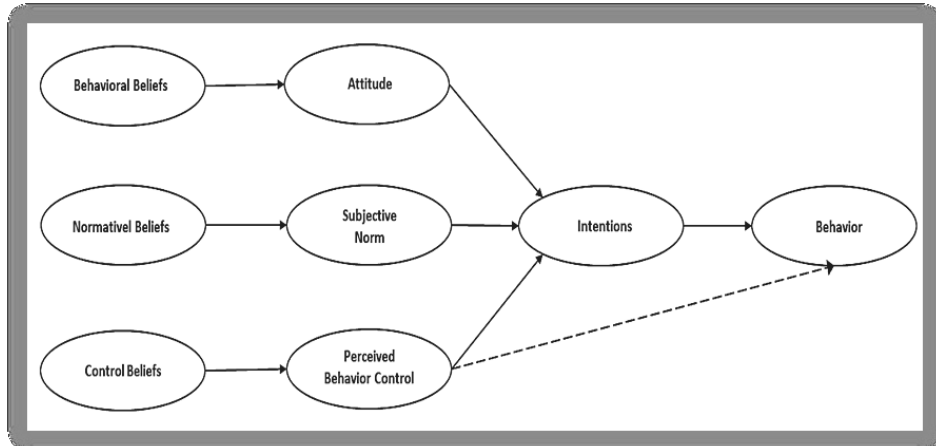
The TPB was designed to predict behaviors that are not entirely under volitional control. This was achieved *via* an expansion of the TRA. Such expansion included of a third construct that took the measures of the perceived control over the behavior (*PBC*) into consideration. The relationship of the *PBC* with the actual behavior is based on two rationales:

- “Holding intention constant, the likelihood that a behavior will be carried out increases with greater perceived behavioral control, and
- Perceived behavioral control will influence behavior directly to the extent that perceived control reflects actual control. In addition, perceived behavioral control works in parallel with attitudes and subjective norms as a determinant of intentions.” (Armitage and Conner, 1999; 36)

The inclusion of the volitional control element in the TBP, made explicit that the behavior intentions of individuals, in most situations, can be explained and predicted by their attitudes, subjective norms and behavioral control towards a specific behavior, in specific contexts (Montalvo Corral, 2002).

These elements are hierarchically structured in the descriptive structural model presented in Figure 3.2.

Figure 3.2- The hierarchical structure of the Theory of Planned Behavior descriptive behavioral model according to Icek Ajzen



Source: Armitage and Conner (2001)

### From Beliefs to Behavior: Predicting and Explaining Behavior

As previously noted, at its most general level of explanation, the TPB framework postulates that performing a specific behavior is mediated by the behavioral intention. The behavioral intention is, in turn, directly influenced by three behavioral constructs: attitudes (*A*), subjective norm (*SN*) and (*PBC*) perceived behavior control. A specific behavior is considered explained once its determinants have been traced back to underlying beliefs (Montalvo Corral, 2002). The examination of the three constructs that influence intention-behavior is fundamental for reaching the predictive reliability and the understanding of any behavior (*ibid*).

### From Beliefs to the Determinants of Intentions

As previously noted, in the EV-based TPB models the predisposition to engage in a behavior is directly related to the decision-maker's evaluation of each outcome and to the subjective probability that the behavior will take to the outcome in question. These evaluations rely on the internal consistency along the different hierarchical levels of explanation proposed by the theory spanning from beliefs through the behavior performance.

Stated differently, the constructs of behavioral intentions (attitude, subjective norm and perceived behavioral control) are associated with their underlying beliefs. A person's overall attitude, subjective norm and perceived behavioral control over the behavior are determined by the subjective evaluation of each belief and its respective strength.

In respect to beliefs, Ajzen (Ajzen, 1996) argued that three classes are identified:

- **Behavioral beliefs:** are assumed to influence attitudes toward the behavior;
- **Normative beliefs:** constitute the underlying determinants of subjective norms, and
- **Control beliefs:** provide the basis for perceptions of behavioral control.

### Attitude Formation Towards the Behavior

Attitude formation and its relationships to the behavioral beliefs are theoretically based upon Fishbein and Ajzen’s (1975) expectancy-value model (EV) of attitudes. According to the EV model, attitudes develop reasonably from the behavioral beliefs people hold about the object of the attitude” (Ajzen, 1991).

Montalvo Corral (2002) argued that attitudes are indices of the degree to which people like or dislike, approve or disapprove, agree or disagree with any aspect of her or his life. It is the positive or negative evaluation of performing a behavior (Wehn de Montalvo, 2003). “A person’s attitude towards performing a specific behavior is proposed to be a function of the perceived consequences of performing that behavior and of the person’s evaluation of those consequences.” (Fishbein and Ajzen, 1975: 301)

At the theoretical level, each behavioral belief is associated with an outcome, which is valued positively or negatively. Analytically, it is expressed by Equation 3.1, which depicts how, under the TPB, attitudes are expressed as indexes that are proportional to the results obtained by multiplying the subjective evaluation (*e*) of each behavioral belief attribute and the strength (*b*) of each belief. The final index is obtained by the summations of the products over the “*n*” beliefs. That is: a person’s attitude (*A*) is directly proportional (*a*) to this summative belief index (Ajzen, 1991).

$$A \propto \sum_{j=1}^n b_i e_i \quad (\text{Eq. 3.1})$$

Where:

- A* is the individual’s attitude towards performing a behavior;
- b<sub>i</sub>* is the belief (subjective probability) that performing the behavior will lead to the outcome *i*;
- e<sub>i</sub>* is the evaluation (strength) of outcome *i*;
- n* is the number of behavioral salient beliefs, and
- Σ is the sum of the *n* salient behavioral beliefs.

### Normative Beliefs and Their Influence on Subjective Norms

The subjective norm deals with the influence of the social environment on human behavior (Fishbein and Ajzen, 1975). The subjective norm measures the perception that one has on the degree to which important referents, individuals or groups, in her or his social environment, think he or she should or should not perform the behavior. The subjective norm index reflects both the perceived social pressure to perform a given behavior and the subject’s motivation to comply with those pressures and expectations.

In the TPB, the subjective norm index calculation, as any other index that provides indirect measures of the constructs of behavioral intentions formation, follows the Fishbein and Ajzen's (1975) expectancy-value model. In the social normative domain, the strength of each normative belief (*b*) is multiplied by the person's motivation to comply (*m*) with the referent in question. The subjective norm (*SN*) is directly proportional to the sum of the resulting products across the "n" salient referents (Ajzen, 1991) as expressed in Equation 3.2.

The subjective norm index calculations it takes the following form:

$$SN = \sum_{j=1}^n b_j m_j \quad (\text{Eq. 3.2})$$

Where:

- SN* is the subjective norm;
- b<sub>j</sub>* is the normative belief *j*;
- m<sub>j</sub>* is the motivation to comply with referent *j*;
- n* is the number of normative salient beliefs, and
- $\Sigma$  is the sum of the *n* salient normative beliefs.

### Control Beliefs and the Perceived Behavioral Control

According to Ajzen (1991), in the TPB domain, among the beliefs that ultimately determine intention and action, there are the ones that deal with the presence or absence of requisite resources and opportunities. They are called control beliefs that may be based on past experiences related to the behavior, or on other factors that may increase or reduce the perceived difficulty of performing the behavior in question.

This concept of perceived behavioral control has its roots in concept of self-efficacy developed by Albert Bandura. This concept "is concerned with judgments of how well one can execute courses of action required to deal with prospective situations" (Bandura, 1982: 122). The more resources and opportunities individuals believe they possess, and the fewer obstacles or impediments they anticipate, the greater should be their perceived control over the behavior (Ajzen, 1991). The stronger the perception of behavior control, the higher the behavior is under volitional control.

"Thus, just as beliefs concerning consequences of a behavior are viewed as determining attitudes toward the behavior and normative beliefs are viewed as determining subjective norms, so beliefs about resources and opportunities are viewed as underlying perceived behavioral control." (Ajzen, 1991).

The theory of planned behavior (Ajzen, 1991) is an expansion of the "Theory of Reasoned Action" (TRA) whereby, behavioral intention is predicted and explained for cases when the behavior under study is completely under volitional control and are only subjected to the influences of attitudes and subjective norms. The addition of the perceived behavioral construct introduces the possibility to predict and explain behaviors whose performance is not under volitional control. The perceived behavioral control is considered to contribute to the prediction of both behavior and intention. (cf. Figure 3.2).

Equation 3.3 shows how the perceived behavioral control index can be estimated by multiplying each control belief ( $c$ ) by the perceived power ( $p$ ) of the particular control factor to facilitate or inhibit performance of the behavior. The resulting products are summed across the “ $n$ ” control beliefs to produce the perception of behavioral control ( $PBC$ ).

$$PBC = \sum_{j=1}^n c_j p_j \quad (\text{Eq. 3.3})$$

Where:

- $PBC$  is the perceived behavioral control;
- $c_i$  is the control belief strength;
- $p_i$  the perceived particular control factor to facilitate or inhibit performance of the behavior, and
- $n$  is the number of control salient beliefs, and
- $\Sigma$  is the sum of the  $n$  salient normative beliefs to produce the perception of behavioral control.

### **Linking Beliefs to Behavior: the Relations between Intentions, Attitudes, Subjective Norms and Perceived Behavioral Control**

According to Montalvo Corral (2002), the TPB is essentially a system of hypotheses linking beliefs to behavior with each hypothesis requiring empirical verification. Predicting and explaining a behavior is contingent on:

- The weight the selected beliefs hold;
- The empirical correlation of the beliefs and their respective indices ( $A$ ,  $SN$ , and  $PBC$ ) and
- The empirical correlation that  $A$ ,  $SN$ , and  $PBC$  hold with intentions.

Not least, the TPB makes clear that global attitudes towards a broad target cannot be expected to predict specific behavior associated with that target (*ibid*). The measures of attitude-behavior are expected to strongly correlate and to be compatible with each other to extent that they address the same behavior, directed to the same target, and in the same context (Ajzen, 1996) as postulated by the “principle of compatibility” (Fishbein and Ajzen, 1975).

As stated earlier in this section, the TPB established that behavior is ultimately determined by beliefs, which influence the variables that determine intention and intention ultimately determines behavior. Therefore, explaining the variance associated with the determination of intention is fundamental for the prediction and explanation of the behavior under study.

According to Montalvo Corral (2002), the variance in intention is proportional to the contributions of each of the constructs in the model and the mathematical form of the relationships of attitudes, subjective norms and perceived behavioral control must be determined empirically. In its simpler form, it is expected to find the following linear relationship between intention and its determinants (Montalvo Corral, 2002):

$$B \sim I = \alpha (w_0 + w_1A + w_2 SN + w_3PBC) \quad (\text{Eq. 3.4})$$

Where:

<i>B</i>	is the behavior of interest
<i>I</i>	is the individual's intention;
<i>A</i>	is the attitude toward performing the behavior;
<i>SN</i>	is the individual's subjective norm concerning the performance of the behavior;
<i>PBC</i>	is the individual perceived behavioral control;
$w_n$	are weighting parameters empirically determined, and
~	suggests that intention is expected to predict behavior only if the intention has not changed prior to the performance of the behavior.

### 3.2.2 Additions and Extensions to the TPB: The Contributions from Other Theories to Enhance the Explanatory Power

Due to its popularity and its proposal to be a general theory to predict and explain human social behavior, the TPB has been widely used and tested in many different fields. This high exposure brought not only criticisms but also a variety of suggestions and claims for the incorporation of additions and extensions that could enhance the TPB's behaviors prediction and explanation power (e.g. Ajzen, 1991; Beck and Ajzen, 1991; Armitage and Conner, 1999; Conner and Armitage, 1998; Manstead and Parker 1995).

For a variety of behaviors, these diverse inputs improved the usefulness of the model. Conner and Armitage, (1998), quoting Fishbein (1997), admitted that a good indicator of the usefulness of models such as the TPB is their power to help design effective interventions that produce behavioral changes. Ajzen (1991: 199) made it clear that the TPB is not a closed system and that there is room for improvements and further constructs:

“The theory of planned behavior is, in principle, open to the inclusion of additional predictors if it can be shown that they capture a significant proportion of the variance in intention or behavior after the theory's current variables have been taken into account. The theory of planned behavior, in fact, expanded the original theory of reasoned action by adding the concept of perceived behavioral control.”

These additions and extensions derived from a variety of different theories and other behavioral models from the social and social psychology sciences. According to Bamberg and Schmidt (2003: 280), they “should not be viewed as alternatives but as supplementary models”.

Under the same optics, Conner and Armitage (1998) suggested that a good way to achieve the enhancement of the explanation power of the TPB is to examine different combinations of the variables depending on the nature of the behavior and the purpose of the study.

With regard the study of the determinants of the intention (willingness) of the companies in the Brazilian petrochemical sector, to engage in GCE-based eco-innovative activities, a further elaboration of the social construct of the TPB was proposed.

Therefore, it seemed plausible to propose, as an expansion of the TPB's social construct, the introduction of personal normative variables. This introduction was intended to expand



the options of social and personal determinants in the study of this specific environmental behavioral intention formation. This proposal was designed to enhance the explanatory and predictive power of the model by capturing the underlying social and personal pressures for the performance of the behavior under study.

It was supported by a number of studies (e.g. Ajzen, 1991; Beck and Ajzen, 1991; Armitage and Conner, 1999; Conner and Armitage, 1998; Manstead and Parker, 1995). Although they were directed to other contexts and behaviors, they found relevant evidence of the contributions, of these variables, to the prediction and explanation of the behavioral intentions.

Furthermore, these extensions to the TPB were supported by the line of argumentation that predicates the need for a “re-conceptualization of the mechanism by which normative pressure is exerted” (Armitage and Conner, 2001: 486).

According to these authors, this re-conceptualization was required to overcome the weaknesses presented by the TPB’s normative component as it was found to be the weakest predictor of intention in the TPB. Such weakness had attracted criticism for their narrow conceptualization (Armitage and Conner, 1999; Conner and Armitage, 1998). Therefore, in this thesis research, the use of the previously highlighted variables as extensions of the normative construct of the TPB was expected to contribute to overcoming the “growing criticism of the subjective norm component as a limited representation of social influences on behavior” (White *et al.*, 2008: 486).

In order to expand this research’s behavioral model’s explanatory power, this proposal incorporated to the TPB’s normative construct: (a) the social normative and self-identity concepts, proposed by the “Theory of Interpersonal Behavior” (TIB) (Triandis, 1977) and (b) the concept of the personal moral norm (Schwartz, 1977).

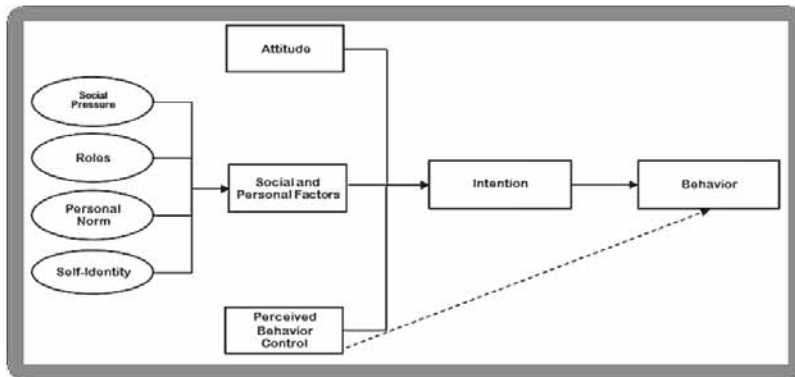
According to the TIB, perceived social norms are formed by normative and role beliefs.

Social factors include norms, roles and self-concept. Similarly to the TPB, social normative beliefs in the TIP, refer to the internalization by an individual of the opinions of important referents about the realization of the behavior. *Role beliefs* reflect the extent to which an individual thinks someone of his or her age, gender and social and professional position should or should not behave (Gagnon *et al.*, 2003; Jain and Triandis, 1997). *Self-identity* (self-concept) refers to the degree of congruence between the individual’s perception of himself or herself and the characteristics that he or she associates with the realization of that behavior (Jain and Triandis, 1997).

The *personal normative beliefs* reflect commitment with internalized values and are experienced as feelings of personal (moral) obligation to engage in a certain behavior (Schwartz, 1977). Moral norms are regarded as an individual’s perception of the moral correctness or incorrectness of performing a behavior (Ajzen, 1991). Further elaborations on this issue are presented in Chapter 5. The proposed social factors construct is presented in Figure 3.3.

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Figure 3.3- This thesis researcher’s proposed social and personal factors construct to predict and explain companies’ intentions to engage in eco-innovation activities



Source: author

### 3.3 Managers as the Unit of Analysis for Organizational Behavior

From a general perspective, the main objective of this research is to predict and to explain companies' willingness to engage and invest in GCE-based eco-innovation activities as a means to achieve advanced states of environmental and economic sustainability.

Two basic and fundamental challenges that arises and that represent a sensitive point for the success of the research are: (a) the choice of the level of analysis and (b) the appropriate agents that can satisfactorily reflect, express and be responsible for the company's notions of "organizational behavior" and "organizational willingness".

The choice of the appropriate level of analysis can be found in the work of authors on decision-making theory. Hambrick and Mason (1984: 194), in their analyses on the human limits to choice and citing Cyert and March (1963), argued that "complex decisions are largely the outcome of behavioral factors rather than a mechanical quest for economic optimization".

They found that bounded rationality, multiple and conflicting goals, myriad options, and varying aspiration levels are limiting factors to the extent that complex decisions can be made on a techno-economic basis. In the realm of decision-making processes within organizations, Hambrick and Mason (*ibid*: 193) in their studies on the "Organization as a Reflection of Its Top Managers" argued that "organizational outcomes, both strategies and effectiveness, are viewed as reflections of the values and the cognitive bases of powerful actors in the organization". This directs the choice of the appropriate levels of analysis, when studying organizational behavior, to these powerful actors in the organizations. In this thesis research, they are the organizations' managers and key decision-makers.

Based on these arguments and on Montalvo Corral's (2002) work, this researcher made a simile between the "perception" of the entity "the firm" with the perceptions of the managers and important decision-makers (*ibid*).

Based on numerous authors, Montalvo Corral (*ibid*) and Montalvo (2006) argued that the reason for this choice stemmed from the fact that decision-making within the firm is socially constructed and that in this process managers are considered to be the primary decision-makers.

They are, therefore, best positioned to express the preferences of their organization as they are the trustees of the strategic vision of the firm and the hub of information, communication, control and decision-making. Managers are considered to be the best informed about the internal and external contexts in which their organization operates. Therefore, “the assessment of managers’ (or CEOs) perceptions (...) is considered to be the appropriate proxy to infer the planned behavior of the firm.” (Montalvo, 2006: 315)

### 3.4 Summary

This chapter introduced the theoretical framework that is the base for this thesis research. It showed the relevant topics that were required for the study of the determinants of GCE-based eco-innovative behavior in companies in the Brazilian petrochemical sector. It is of uppermost value to stress that this thesis researcher’s findings can significantly contribute to eco-innovation policy formulation at the corporate, sector and governmental levels.

Innovations do not come from the blue. Firms deliberately innovate through complex processes that involve a series of interrelated and interdependent variables and agents (individuals and organizations) relationships.

Agent’s engagement, or not, in these eco-innovative processes is contingent on their behavioral intention (willingness) to participate in such processes. In this thesis research, the TPB was adopted as the main theoretical body and organizing framework, to predict and explain the degree to which firms, in the Brazilian petrochemical sector, are willing to engage in the aforementioned behavior. In order to extend the predictive and explanatory power of the TPB its social construct was reinforced with elements of its analogous construct in the “Theory of Interpersonal Behavior”.

The SSI framework provided the theoretical contribution regarding innovation to thy study.

The set of theoretical domains depicted in this chapter provide the required base for the formulation of an operational structural descriptive model that was constructed, and empirically tested, based upon Montalvo Corral’s (2002) TPB-based structural descriptive behavioral model for innovation behavior.

This thesis research was built upon the argument that “analyzing the behavioral foundations of innovation should be viewed as one main topic of innovation economics” (Beckenbach and Daskalakis, 2008: 181). It was designed to contribute to the behavioral and innovation study fields by eliciting insights and inducing reflections to help to reverse the “somewhat strange neglect of the behavioral aspects related to the innovation process” (*ibid*: 181).

In parallel, if eco-innovation is seen as an economic activity, this research can contribute to the fields of innovation economics and behavioral economics. Behavioral economics “uses evidence from psychology and other disciplines to create models of limits on rationality, will-power and self-interest and to explore their implication in economic aggregates” (Camerer, 2006: 181). This perspective is supported by Hursh’s (1984: 435) argument that “economic theory is more than an analogy to behavioral psychology; economics is also a science of behavior”.

## **4. Research Design and Implementation Methods**

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### **4.0 Introduction**

Chapter 3 defined the theoretical grounds and provided the organizing framework for this research. Chapter 4 is an extension of Chapter 3 wherein an in-depth view of the methodological issues was presented.

In this regard, Section 4.1 presented the definition of the case study of this thesis research. Departing from this presentation, Section 4.2 introduced key contributing theoretical elements for the research design.

Section 4.3 presented the fundamentals of the development of the research's Theory of Planned Behavior (TPB)-based structural behavioral model. In a natural sequence, Section 4.4 presented the foundations that underpinned the construction of this research's qualitative questionnaire, which was applied to companies' managers and decision-makers in order to collect empirical data.

Complementarily, Section 4.5 provided a detailed view into this thesis research's qualitative survey by discussing methodological issues of the questionnaire application and data collection. It was followed by a theoretical discussion on the empirical confirmation of the research's supporting theory *via* the measurement of the statistical reliability of the qualitative questionnaire and the statistical validity of the behavioral model (Section 4.6).

In order to provide a deeper view and a better understanding of the results obtained in this thesis research's qualitative survey, a quantitative survey was conducted by the researcher. This survey was composed by in-depth interviews with agents who were found to be important actors for the introduction of GCE at the sector and at the company levels. The quantitative survey and its results are presented and discussed in Section 4.7.

Finally, and concluding Chapter 4, the salient limitations of the TPB based method were presented (Section 4.8).

### **4.1 Definition of the Research's Case Study**

Defining and framing a research study is surely a particular case regardless if it has individual or collective motivations. Motivations exist in as large a number as the number and characteristics of individuals' perceptions, beliefs, contexts and interests on a given subject.

In this thesis research, the motivations underpinning its framework and objectives were related to the prospective environmental and economic sustainability of the Brazilian petrochemical industry. Such motivations had strong links to the author's personal views, perceptions and beliefs on the current unsustainable connections and dependency of the current mainstream products and production technologies with the environment (cf. Rand Corporation, 2003; Vision 2020, 1996).

Complementarily, the author had a strong interest in understanding the main determinants of behavioral changes in Brazilian petrochemical companies that could lead them to engage in GCE-based eco-innovation processes. It is expected that this engagement will lead to the development of the next generation of chemical technologies that are more environmentally benign and more competitive.

Secondly, the author was convinced that the current time is propitious for this research. It was justified by the Brazilian chemical and petrochemical sectors' ambitious plans for expansion. Such plans encompass expansions in size and diversification as a means to make Brazil to rank fifth in the list of world's largest chemical industries by the year 2020 (ABIQUIM, 2010) (cf. Chapter 1).

According to the *Brazilian Chemical Industry Association* (ABIQUIM, 2010a), among the commitments made by the sector, increasingly higher standards of environmental responsibility, the promotion of the sector' sustainability, the development of solutions aimed at the development of a renewables-based chemistry and a strong commitment to innovation are central elements.

These arguments indicated a window of opportunities for technological change and eco-innovation to develop. They also suggest that it is a good occasion for the introduction of new and effective frameworks, such as the GCE frameworks, for the design of more sustainable products and processes.

This context provided a favorable scenario for the application of the findings of this research and help companies to develop policies and technological development eco-innovation plans. These contributions can represent substantial contribution for the promotion of transition processes aimed at environmentally and economically GCE-based more sustainable states at the company and the sector levels.

## **4.2 Key Contributing Theoretical Elements for the Research Design**

“Scientific method refers to a body of techniques for investigating phenomena, acquiring new knowledge, or correcting and integrating previous knowledge.” (Goldhaber and Nieto, 2010)

“To be termed scientific, a method of inquiry must be based on gathering observable, empirical and measurable evidence subject to specific principles of reasoning.” (Newton, 1999)<sup>55</sup>

In addition to these considerations, it can be argued that the choice of the scientific method, under which to conduct research, is a function of what is objectively and specifically researched. Under this principle, the research methodology for this thesis research was developed based on its underpinning theoretical grounds.

The choice of the methodological approach was guided by the nature and the objectives posed by the research's questions. As noted in Chapters 1 and 3, this thesis research's questions focused upon understanding and explaining the key determinants and motivational factors that could support and promote behavioral changes, in the Brazilian basic and intermediate petrochemicals manufacturing companies, as a means to develop the GCE-based next generation petrochemical enterprises.

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<sup>55</sup> Newton, I. (1999), *Rules for the study of natural philosophy*, from Book 3, *The System of the World*, pp.794–796 (cf. references).

## Research Questions

a) Are Brazilian petrochemical companies **willing** to **innovate** in **Green Chemistry** and **Green Engineering** as a viable option to more sustainable corporate behavior?

b) How can their **willingness** be explained and what are the main determinants?

c) What are the sector's agents, mechanisms and actions, which are **integral** to their implementations of **Green Chemistry** and **Green Engineering**?

In these three research questions the keywords marked in bold print, underscore specific universes of research under which this thesis was developed:

- a) “**Willing**” (**willingness-intention**): according to the *Webster's Online Dictionary*, willingness connotes “the quality or state of being willing; free choice or consent of the will; freedom from reluctance; readiness of the mind to do or forbear”<sup>56</sup>. These definitions go hand in hand with Montalvo Corral's (2002) work on behavioral aspects of innovation that, based on the work of Icek Ajzen (cf. Ajzen, 1991; Ajzen and Madden, 1986), associated willingness with behavioral intentions. These intentions, in turn, represent preconditions for one to perform a specific behavior in specific contexts and time frames.

In this respect, this thesis research was designed to investigate behavioral aspects of innovation, which, according to Beckenbach and Daskalakis (2008), have been, in general, neglected in innovation studies. It proposed the TPB (cf. Chapter 3) (Ajzen, 1991, Ajzen and Madden, 1986) as the behavioral theoretical framework that can integrate several bodies of theory. In addition, it provided a method to search systematically for those bodies of theory that might offer insights into the factors that explain behavior in specific situations. It also rendered “a guidance to search for the belief systems that might determine the planned behavior of the firm” (Montalvo Corral, 2002: 111)

When a given behavior is the object of interest, it can be argued that any individual holding that will to perform this behavior acquires an immediate and central importance. In the present case, a direct relation between the willingness of the company as an entity with the willingness of its manager is proposed. Firms are inanimate entities. They do not have the sense of willing anything. Their lifelike characteristics are given and are a response to what the people that lead them and those that are responsible for their administration and operations (managers, directors and other influential decision maker) perceive and believe to be the right option to conduct the business (cf. Chapter 3).

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<sup>56</sup><http://www.websters-online-dictionary.org/definitions/willingness?cx=partner-pub-0939450753529744:v0qd01-tdlq&cof=FORID:9&ie=UTF-8&q=willingness&sa=Search#922>

These arguments supported the metaphor “the companies’ willingness” as a function of the perceptions and beliefs of their leaders’ (the managers as the unit of analysis), which was grounded on the following three factors:

- **The first factor** stemmed from the fact that the research questions and the methodological approach used by this thesis author, relied on the usage of self-reporting questionnaires, which, in turn, characterized the individual as the unit of analysis. It represented the use of individuals’ perceptions and beliefs “to capture the collective vision of the organization’s strategy within a sample of organizations” (Montalvo Corral, 2002: 114);
- **The second factor** was grounded on the literature of organizational studies whereby, it was argued that senior managers or CEOs: (a) ought to have a vision of the future of their companies and (b) have a clear mental image of the firm’s present state and a realistic and attractive vision of the future for their organization. “Empirical evidence shows that the managers themselves believe that articulating a vision and formatting a strategy are their key roles within organizations” (*ibid*: 114); and
- **The third factor** addressed the social aspects associated with the decision-making processes. Strategic decisions within the firm are socially constructed and managers usually make their decisions in conjunction with other actors (*ibid*).

Firms’ managers, can be considered to be positioned, to best express the preferences of their firms. Their strategic position enables them to be the hub of information, communication control and decision-making. Managers are the trustees of the strategic views of the firm, which is equivalent to the fact that they are the drivers of the company’s planned behavior (*ibid*).

- b) **Green Chemistry and Green Engineering:** provided this thesis author’s with the supporting frameworks based on which technological change can develop. Such technological represents “the design of systems and unit processes that obviate or reduce the need for the use of hazardous substances while minimizing energy usage and the generation of unwanted by-products, which is the next generation of environmental protection in chemical engineering.” (Anastas *et al.*, 2000b: 1).

In the specific case of this research, technological changes represented those that are based on the principles established by (a) the Green Chemistry framework proposed by Paul Anastas and John Warner (1998) (cf. Section 2.2.1 of Chapter 2) and (b) the Green Engineering framework proposed by Paul Anastas and Julie Zimmerman (2003) (cf. Section 2.2.2 of Chapter 2).

- c) **Innovation theory:** represented this thesis author’s belief and perception of the importance of innovation in promoting environmentally driven technological changes. Eco-innovation is supported by a number of organizations such as the Organization for Economic Cooperation and Development (OECD), which views industrial sustainability as the continuous innovation, improvement and use of clean technologies to reduce pollution levels and consumption of resources (Jenk *et al.*, 2004). In addition, they argued (*ibid*: 545) that “innovation is critical: the challenge for business is not only to provide service to our consumer society, but to innovate new ways of doing so with markedly lower reliance on materials, energy, and waste”. On the other hand, Anastas and Beach (2007:20) reinforced this view

on the importance and the dependence of Green Chemistry on innovation by arguing, that “innovation is the lifeblood of Green Chemistry”.

Innovation theory provided a theoretical complement to the main theoretical framework that supported this thesis research. Therefore, since innovation covers many issues in industrial firms, it is crucial to specify which aspects of innovation the research was designed to investigate.

Because companies seldom innovate in isolation (Fagerberg, 2005 and Edquist, 1997, 2005b), this thesis’ author focused upon the systemic nature of innovation (cf. Chapter 3). Companies interact with other economic agents (firms and non-firms) in multiple ways. Putting it in a simple way, Lundvall (2007) stated that, in the process of innovative economic and technological change, these connections and interactions between elements are as important as the elements themselves and that the whole is more than the sum of the parts.

Within the systems of innovation theory, and due to the characteristics of this thesis research, which focused on the petrochemicals manufacturing sector, the Sectoral Systems of Innovation (SSI) framework of (Malerba, 2002, 2004, 2005b) was the chosen option.

According to Malerba (2002: 250) “a sectoral system of innovation and production is a set of new and established products for specific uses and the set of agents carrying out market and non-market interactions for the creation, production and sale of those products. A sectoral system has a knowledge base, technologies, inputs and an existing, emergent and potential demand

As a result, behavioral theory, Green Chemistry and Green Engineering frameworks and innovation theory constitute the main theoretical pillars upon which this research was built.

### **4.3 The Structural Custom Behavioral Model Development of this Research**

As stated in Chapter 3 and in Section 4.2, the main theoretical foundations upon which this research evolved was comprised of theories that belong or have significant connections to the behavioral, innovation and GCE domains.

Within the universe of theories in each of these domains, the choices of theories that (a) fit the researcher’s objectives, and (b) promote their integration, represented the first stage of the research strategy (cf. Chapter 3). Both elements were central for the construction of the thesis research’s custom structural descriptive behavioral model (cf. Chapter 5).

The empirical data were collected *via*:

- a) The participation of companies’ managers and decision-makers in completing a self-administered, structured quantitative questionnaire. This questionnaire was comprised of closed questions, which were developed and guided based on the elements of the custom structural behavioral model developed for this research (c.f. Chapter 6 and Appendix E) and
- b) The performance of a series of in-depth interviews via a qualitative survey, to explore the perceptions of important agents, at the sector and at the company levels, regarding the qualitative survey’s results. In addition, the qualitative survey was



very useful to have a deeper knowledge on these agents' motivational factors, which underpinned their answers and their perceptions of GCE and their implementation in the Brazilian petrochemical context.

## Behavioral Definition

As previously noted in Section 3.2.1 of Chapter 3, the explanation and the prediction of a subject's planned behavior is the overall objective of the TPB. According to this theory, this prediction can be achieved by unveiling the subject's belief system that determines her/his behavioral intention, which is ultimately the immediate precursor of the behavior performance (cf. Chapter 3).

The hierarchy that was established for behaviors and intentions implies that, when applying the TPB, the first step towards understanding a behavior is to develop its definition (Montalvo Corral, 2002). Following the "principle of compatibility" (cf. Chapter 3) the TPB established four criteria for the definition of a behavior (*ibid*).

Behavioral entities may be viewed as being comprised of four complementary elements: a given (a) **action** (behavior performance) is always performed towards a given (b) **target**, within a given (c) **context** in which the action is performed, and (d) the **time** dimension within which the action takes place. The generality or specificity of each element depends on the measurement procedure employed (Ajzen and Fishbein, 1977). Table 4.1 depicts the behavior definition for this research according to the **action**, **target**, **context** and **time** criteria.

The behavioral definition criteria established this research behavior specification based on which the proposed behavioral model was developed, the research hypothesis system was conceived and the structured questionnaire for obtaining the empirical data was constructed.

At this point, it is important to highlight that the time criterion was defined for this research as the next five years starting from the year of 2012. This does not constitute a random choice but it is associated with the Brazilian Chemical Industry's expansion plans for the second decade of this century (cf. Chapter 1). As noted in Section 1.3.2 of Chapter 1, the Brazilian Chemical sector plans to invest in expansion and innovation in order to rank fifth among the largest chemical industry in the world by 2020. It was assumed that the next five years would be adequate and propitious for initiating the investments in the development of innovative and more environmentally sustainable solutions based in GCE provided that GCE are properly diffused, adopted and implemented.

Table 4.1- Thesis research behavior definition is based upon the criteria established by the Theory of Planned Behavior

<b>Action</b>	<ul style="list-style-type: none"> <li>Engagement in eco-innovation activities based on Green Chemistry and Green Engineering</li> </ul>
<b>Target</b>	<ul style="list-style-type: none"> <li>Companies in the petrochemical sector</li> </ul>
<b>Context</b>	<ul style="list-style-type: none"> <li>Brazilian petrochemical sector</li> </ul>
<b>Time</b>	<ul style="list-style-type: none"> <li>Within the next five years</li> </ul>

Source: author

## Modifying Montalvo Corral's Model

Although this research largely evolved from Ajzen's TPB (Ajzen, 1991, Ajzen and Madden, 1986), its development was based upon the work of Montalvo Corral (2002) whose seminal work *Environmental Policy and Technological Innovation: Why do Firms Adopt or Reject New Technology?* provided the fundamentals for the utilization of the TPB as a theoretical platform for the study of behavioral aspects of innovation.

As this researcher adopted a different behavioral definition (*action, target, context* and *time* criteria) and a different innovation theoretical approach (the SSI framework), modifications to Montalvo Corral's structural behavioral model were necessary to provide adaptations to the peculiarities of this thesis research (cf. Chapter 5).

In this case, although the researcher's model's structure was kept in its original form, its content has undergone substantial changes (cf. Chapter 5). The modifications were made at the following levels:

- **Determinants of intention:** although the TPB specifies three constructs that determine behavioral intention (attitude towards the behavior, perceived social norms and control over the behavior), for the purpose of this thesis research, this author identified an opportunity to expand the study. This expansion introduced personal and additional social normative variables that were expected to enhance the knowledge and the understanding of the influence that they could exert on willingness formation. This approach was inspired by previous research by Ajzen, 1991; Beck and Ajzen, 1991; Armitage and Conner, 1999; Conner and Armitage, 1998; Manstead and Parker, 1995.
- **Behavior domains:** according to Ajzen (1988), behavioral domains were defined as the specific areas of experience and knowledge from which salient beliefs arise. As many and diverse areas of experience and knowledge are required to frame the behavior under study, in this thesis research, the model's behavioral domains were elicited from various relevant bodies of literature. Such a procedure was possible due to the *meta* theoretical characteristics of the TPB.

Although this research holds commonalities to Montalvo Corral's original work, it bears substantial differences. Differences were introduced in the definition of behavior and in the theoretical bodies used to construct the behavioral domains of the research's structural behavioral model. This explained the modifications to the behavioral domains associated with the model's social factors and the perceived behavioral control constructs as compared with Montalvo Corral's model.

- **Beliefs:** as in the definitions of the behavioral domains, the elicitation of their associated beliefs was accomplished *via* insights and from the relevant literature. This was reviewed in detail in Chapter 5.

These beliefs emerged as the result of the incorporation into the behavioral model of Triandis's (1977) social factor construct elements (roles and self-identity), Schwartz's (1977) concept of personal moral norms, and the building blocks of the SSI framework (knowledge and technology; agents and networks and institutions) (Malerba, 2002, 2004 and 2005b).

In this regard, the beliefs of this thesis researcher associated with: (a) the attitude construct, (b) “perceived social pressures” in the perceived social factors behavioral domain, and (c) those related to “strategic alliances with external actors” (within the actors and networks behavioral domain) were identical to Montalvo Corral’s model for reasons that were clarified in Chapter 6.

Figure 4.1- The adapted empirical, behavioral model based on the Theory of Planned Behavior and the “Sectoral System of Innovation” framework for predicting and explaining companies’ engagement in eco-innovation activities in green chemistry

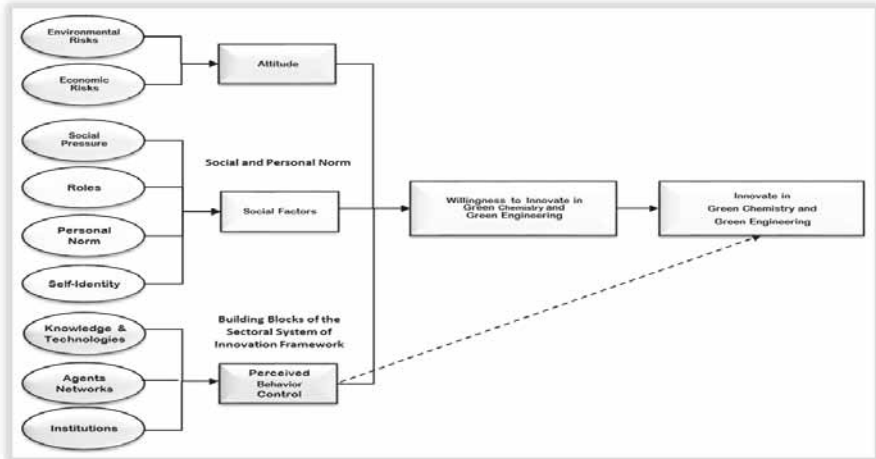


Figure 5.2, in Chapter 5, depicted the modified structural behavioral model custom developed for this research. Note that the model is partially depicted and only showed the levels of explanation that supports this section's argumentations related to the modifications introduced at the model's behavioral domains and beliefs levels. Both the development of the custom structured behavioral model and its full diagrammatic representation were presented in detail in Chapter 5.

#### **4.4 Research's Quantitative Questionnaire Construction**

As noted in Section 3.0 of Chapter 3, this thesis research was related to the behavioral aspects of innovation. In this respect, and in order to accomplish the research objectives of measuring and explaining the willingness of Brazilian petrochemical companies to engage in GCE-base eco-innovation processes, four basic research steps were developed.

First, a structural behavioral model was developed. This model possesses meta-theoretical characteristics that integrate insights from various bodies of theory. This allowed for a deeper understanding of the importance and contributions of a set of variables that are related to the behavior under study (to eco-innovate in GCE) (c.f. Chapters 3 and 5).

Second, in order to measure the degree of influence (quantitative approach), which each of these variables exerts upon companies' engagement in GCE-based eco-innovation activities, a structured quantitative questionnaire was constructed. The application of this questionnaire served as the vehicle to collect the empirical data. On the one hand, this was instrumental for measuring the company respondent's intention to engage in the eco-innovation processes and, on the other hand, the data were essential for testing/validating the model.

In the third step, the application of a structured questionnaire was performed. This included various methods such as those related to its application, the definition of the sampling method, the choice of the questionnaire application instrument, the questionnaire response follow-up, data collection, analysis and interpretation. These issues were covered in detail in Section 4.5.

The fourth step was the administration of qualitative research based on semi-structured, in-depth, face-to-face interviews (cf. Sections 4.3 and 4.7).

##### **4.4.1 Fundamentals Underpinning the Thesis Research Questionnaire Development**

A questionnaire is an evaluation instrument that is employed to obtain information aimed at the assessment of specific subjects that are under study. Therefore, the construction of the research questionnaire, besides being based on theoretical approaches that evolved from questionnaire development methods, it was essential that the measurement technique was strongly grounded on the theoretical foundations that were used in the development of the behavioral model and the system of hypothesis (cf. Chapters 3 and 5).

##### **Measurement Principle used in the Questionnaire**

The theoretical foundations underpinning the measurement principle used in this thesis research's questionnaire were based upon the attitude-behavior measurements theory upon which the TPB was developed.

According to this theory, at a basic level “all measurement involves observation of one or more responses made by a subject, whether they are verbal (e.g., a questionnaire response) or overt behavioral responses”. Fishbein and Ajzen (1975: 53)

Fishbein and Ajzen (*ibid*) called attention to the importance of single-response measures to infer beliefs, attitude and intentions. They emphasized that even if more complex indices of beliefs, attitudes and intentions are developed and used, such indices are always derived from single-response measures in structured questionnaires (verbal in nature).

They added that responses in this domain involved three different aspects: (a) the concept, (b) the judgment, and (c) the format (*ibid*). In the process of responding to question *stimuli*, an individual using a certain response **format**, makes a **judgment** about a given **concept** (*ibid*).

- **Response format:** in this thesis research’s quantitative questionnaire, although many response formats were available and applicable, the one that was used was the type that has been mostly used in attitude-behavior research. He used an Osgood scale on which the respondent was invited to place a check mark on the scale containing discrete and nominal categories.
- **The concept:** according to Fishbein and Ajzen (1975: 54), “much more than the response format, however, the diversity of judgment was introduced by variations in the concept being judged and the nature or content of the judgment that was required (...). Judgment can be made with respect to any concept”. Following Fishbein and Ajzen’s (*ibid*), concepts were represented in this thesis researcher’s questionnaire mainly by organizations, institutions, persons, attributes and behaviors that are related to the research’s theoretical constructs and variables. In some cases, concepts, were represented by statements linked to an object or to an attribute.
- **Nature of judgment:** the content of a judgment was defined by the labels (adjectives). Labels can be associated with judgmental categories or dimensions (*ibid*). *Unlikely-likely, disagree-agree, difficult-easy* etc. illustrate some of the labels used in the questionnaire. In this research, priority was given to labels that have been previously and successfully used in related research, and that had been proven to be applicable to this research’s behavior definition (c.f. Montalvo Corral, 2002; POPA-CDTA Project, 2005a, 2005b, 2006a, 2006b; When de Montalvo 2003).

“By the variation of concepts, formats and judgment contents, an infinite number of single-response measures can be generated” (Fishbein and Ajzen, 1975: 55).

### **The Use of Semantic Differential as a Rating Technique**

Osgood’s semantic differential technique was the standard technique used to measure the degree of influence that the perceptions and beliefs have on the intention to perform the behavior under study. This choice was based on two interrelated points: (a) the use of semantic differential in various similar previous successful TPB-based research (c.f. Montalvo Corral, 2002; POPA-CDTA Project, 2005a, 2005b, 2006a, 2006b; Wehn de

Montalvo, 2003), and (b) on the work of Fishbein and Ajzen (1975) in which an evaluative study on measurement techniques<sup>57</sup> in the attitude-behavior domain was done.

As noted in Chapter 3, at the most basic level of explanation, the TPB postulates that behavior is a function of the beliefs or the information relevant to the behavior (Montalvo Corral, 2002). Beliefs are formed when we associate a connotative meaning to the characteristics, qualities and attributes associated with an object. This generates an attitude towards this object (Ajzen, 1991).

Attitudinal beliefs in conjunction with those related to social and personal determinants and those associated with the control over the behavior (the availability of skills, resources, time etc.) represent the base of behavioral intention formation (cf. Chapter 23). Therefore, the identification and the measurement of these elements are of utmost importance in explaining and determining behavioral intention (willingness) and, consequently, in performing a given behavior.

In line with the generation of connotative meanings, Osgood’s semantic differential measurement technique “was developed not for the purpose of assessing attitudes but rather as an instrument for the measure of meaning” (Fishbein and Ajzen, 1975: 73).

The semantic differential is a psychometric technique that is designed to measure the traits, abilities, and attitudes by arriving at single attitude based on responses to questions or statements of beliefs or intentions. It is based on the premise, according to Osgood’s argumentation (1952), that “since the basic function of ordinary language was assumed to be the communication of meaning, ordinary language could be used to differentiate between concepts and to measure their meaning” (Fishbein and Ajzen, 1975: 73).

According to Fishbein and Ajzen (*ibid*), the major aim in developing the semantic differential was to identify the major dimensions of meaning. Osgood (1964) analyzed a large number of different scales and concepts and found three basic factors and dimensions underlying semantic differential ratings. He categorized meaning into three major dimensions: (a) evaluation, (b) potency and (c) activity. In this respect, “Osgood argued that a person’s attitude toward an object is equivalent of the object’s evaluative meaning for the person” (Fishbein and Ajzen, *ibid*: 76).

Fishbein and Ajzen (1975) provided examples of these three dimensions:

<b>Dimension</b>	<b>Scales</b>
<b>Evaluation</b>	<b>good-bad, clean-dirty, beautiful-ugly</b>
<b>Potency</b>	<b>strong-weak, large-small, thick-thin</b>
<b>Activity</b>	<b>fast-slow, active-passive, hot-cold</b>

The semantic differential technique consists of providing the respondent with one or more concepts and a set of bipolar adjectives. Based on such elements, the respondent can make his or her judgment by rating each concept on each scale. Scales are scored from +3 to -3 (seven point scale).

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<sup>57</sup> In their work, Fishbein and Ajzen (1975) conducted a comparative study on four standard attitude scales: Guttman’s Scalogram, Thurstone’s Equal-Appearing Interval Scale, the Likert Method of Summated Ratings and Osgood’s Semantic Differential Technique.

In harmony with the TPB definition of attitude, social norm, and perceived behavior control, the scores were summed across all evaluative scales and this value was taken as indices that represent the connotative meaning of this thesis research's elements.

“The semantic differential is constructed by making a statement regarding the concept to be ranked, coupled with a seven point scale linked to opposed adjective pairs” (Montalvo Corral, 2002: 120 *apud* Carlsmith *et al.*, 1976)

In this respect, the use of the semantic differential technique to estimate the indices of attitude, perceived social/personal norms, perceived behavioral control and behavioral intention as a function of their respective accumulated semantic loads, captures the cognitive and the evaluative components proposed by Ajzen (*cf.*, Chapters 3 and 5).

Osgood (1952) reported the following positive evaluation of the method:

- a) **Objectivity:** the semantic differential yielded quantitative data, which are presumably verifiable, in the sense that other investigators can apply the same sets of scales to equivalent subjects and obtain essentially the same result;
- b) **Reliability:** in his studies, the method produced high reliability coefficients and minimum variation, which was interpreted as indications of the stability of the method, and
- c) **Validity:** all data collected on several problems displayed convincing face-validity.

The theoretical foundations that underlay the use of the semantic differential method for measuring an ample diversity of meanings, associated with the elements of this thesis research's behavioral model, provided the essential support for its use in this thesis research.

### **Questionnaire Construction: Wording, Format and Context**

“Evaluation researchers frequently obtain self-reports of behaviors, asking program participants to report on process and outcome-relevant behaviors. Unfortunately, reporting on one's behavior poses a difficult cognitive task, and participants' reports can be profoundly influenced by question wording, format, and context.” (Schwartz and Oyserman, 2001: 127)

Complementary to the definition of the measurement method employed in this thesis, the aspects related to survey structure, questions and statements wording and format were central for the construction and application of a successful self-report questionnaire.

Although it may seem so, questionnaire construction is not an obvious task. It does not simply involve asking questions regarding specific issues of interest. If not properly designed (structure and wording), self-report surveys can produce enormous distances between the evaluators' hopes about the question-answering process and the reality experienced by participants attempting to answer these questions.

Psychologists and survey methodologists, “drawing on theories of language comprehension, memory, and judgment, formulated models of the question answering process and tested these models in laboratory experiments and split-sample surveys”

(Schwartz and Oyserman, 2001: 128). They produced a significant body of literature that support scientifically based questionnaire construction<sup>58</sup>.

Because explaining these theoretical aspects is not the object of this thesis research, and due to the fact that they are covered elsewhere (cf. Duckworth, 1973; Rea and Parker, 2005; Schwartz and Oyserman, 2001), this topic is not included in this thesis. They were used and built upon, in this research, in the form of principles and guidelines that were used for the development of the questionnaire.

As initial guidelines, it can be argued that a “good” questionnaire should possess some basic characteristics, which according to Duckworth (1973) are:

- a) **Validity:** “a questionnaire must accomplish the purpose for which it is designed” (*ibid*: 8). In respect to this thesis research’s objectives, in which beliefs related to attitudes, social/personal influences, behavior control, and behavioral intention are the objects of the survey, “it was considered valid if there is statistical proof that the respondents expressed their true opinions at that particular time and that the particular sample of respondents was representative of the population” (*ibid*: 8);
- b) **Reliability:** “questionnaire reliability is measured in terms of accuracy or consistency of agreement of both the respondent and the rater.
  - Respondent reliability is achieved if respondents reply in the same fashion when a questionnaire is submitted to them a second time, or if they respond in much the same way to an alternate form of a questionnaire, which is equivalent to the first one.
  - Rater reliability is achieved if two independent raters score the questionnaire in the same way or if one rater scores it in much the same way at different times.” (*ibid*: 8), and
- c) **Administration and scoring:** administration and scoring are basic elements in questionnaire design. Questionnaires must be easy to use. This depends on a number of factors such as physical appearance of the form itself, the arrangement, the order of the questions, clarity of directions, and the form or type of questions or statements (free-answer, multiple choice, open or close-ended questions, etc.) (*ibid*).

The length of the questionnaire is also a topic that can facilitate or hamper respondents’ interest. Although long questionnaires can pose some difficulties, however fairly extensive questionnaires, if they are carefully constructed and laid out receive very satisfactory returns (*ibid*).

Easy scoring or rating is another factor of importance. In addition, Duckworth (*ibid*) argued that a questionnaire is much more manageable if possible answers are arranged in accordance with a coding system decided upon in advance.

- d) **Face value (validity):** the questionnaire designer, taking full consideration of the questionnaire’s development and strategy in obtaining a level and quality of responses that are in accordance with his or her expectations, must be concerned

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<sup>58</sup> For references on comprehensive reviews on theoretical aspects of question answering processes and research examples refer to: Schwarz, N. and Oyserman, D. (2001), *Asking questions about behavior: cognition, communication, and questionnaire construction*, American Journal of Evaluation, Vol. 22, No. 2, pp. 127–160.



with face value<sup>59</sup>. Sometimes, for some specific reason, it is of interest of the questionnaire designer to conceal the questionnaire's face validity (for examples cf. Ducksworth, 1973). In this thesis research, making clear the questionnaire's face value was a constant preoccupation.

## Questionnaire Structure

The foundations for the understanding of the importance of a questionnaire's structure can be traced to Guttman's definition of theory. He defined a theory as an "hypothesis of a correspondence between a definitional system for a universe of observations and an aspect of the empirical structure of those observations, together with a rationale for such a hypothesis" (Gratch, 1973: 35).

According to Bar-on and Perlberg (1985), Guttman's definition of theory established the requirement for a correspondence between a definitional system for the observations and the empirical structure of those observations. This is well exemplified by Guttman's elaboration in respect to behavioral studies.

According to him, in behavioral studies, which usually involve complex issues, the conceptualization and the definition, in substantive terms, of what is really studied, precede the design of tests and questionnaires, data collection and elaborate statistical analyses (Guttman and Greenbaum, 1998). That is, "after a definitional system for the observation has been established, it is possible to test its correspondence to the empirical structures" (Bar-on and Perlberg, *ibid*: 100).

In this thesis research, the questionnaire design and structure followed and incorporated the theoretical structural relationships proposed in the TPB and in its custom behavioral model. This approach produced a questionnaire structure that was highly applicable for TPB-based research as it has been successful tested and reported in a number of works (e.g. Montalvo Corral, 2002; POPA-CDTA Project, 2005a, 2005b, 2006a, 2006b; Wehn de Montalvo 2003).

Complementarily, in order to ensure the correspondence between the definitional system for the observations and the empirical structure, the Facet Theory (FT) (Guttman, 1959) helped this researcher to develop the structure of the questionnaire based on the "Principle of Contiguity" (Montalvo Corral, *ibid*).

"Facet Theory (is) a systematic approach to facilitating theory construction, research design, and data analysis for complex studies, that is particularly appropriate to the behavioral and social sciences." (Guttman and Greenbaum, 1998: 13, note added)

According to Shye *et al.* (1994: ix), "facet theory (FT) represents a research theory that truly integrates content design with data analysis". In this respect, they further highlighted that the FT calls attention to the inappropriateness of an overdue attention to sophisticated data analysis without due attention to the substantive content aspects of the research (*ibid*). "Substantive content can and should be formalized, structured and reliably communicated" (*ibid*: ix).

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<sup>59</sup> A test can be considered to have face value (or face validity) if it measures what it is supposed to measure.

By using the FT, researchers are able to identify and explain the theoretical constructs of the research and the kind of observations needed in a simultaneous fashion (Guttman and Greenbaum, 1998). Facet analysis also allows for testing whether a facet design produces similarity in patterns that are confirmed by empirical data. In parallel, the conceptual structure of variables may indicate hypotheses about their expected statistical relationships (Foa, 1965). “The hypotheses are to be formulated according to the lawfulness of the empirical structure of the variables” (Hildebrandt, 1986: 524 *apud* Guttman, 1959). For a more elaborated view on this thesis research’s system of hypotheses refer to Section 5.3.

According to Foa (1958), FT offers an opportunity for the application of the concept of contiguity in the construction of behavioral models, as it proposes “a possible relationship between the conceptual and empirical structure of the variables” (Foa, 1965: 264).

The Principle of Contiguity states that variables, which are more similar in their facet structure (i.e. their conceptual definition), will also be more related empirically. Therefore, it provides the link between the conceptual and empirical structures making it possible to predict these relationships.

“Facet elements can be classified into specific and nonspecific to the set of variables and that variables containing specific elements tend to be related to the set of variables more than variables containing nonspecific elements” (Foa, 1965: 262).

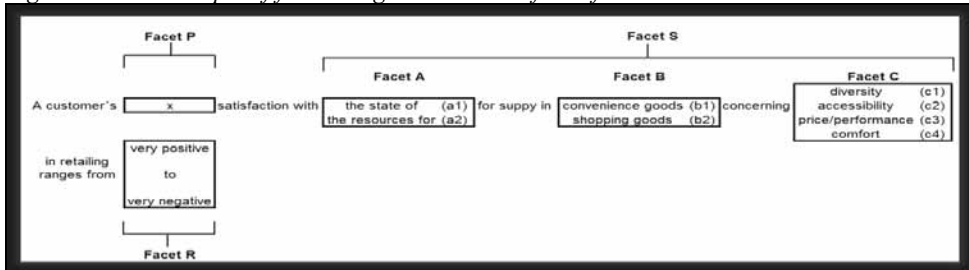
As a deeper study of FT and the Principle of Congruity is beyond the objectives of this thesis research, they were reviewed in this work at a superficial level both in terms of conceptual grounds and in terms of examples. It is this thesis author’s belief that considerations at this level suffice for a good understanding of the theoretical principles upon which this researcher’s quantitative questionnaire structure was developed. For more detailed reading on these topics refer to Bar-on and Perlberg, 1985; Guttman, 1959, Guttman and Greenbaum, 1998, Foa, 1958 and 1985; Shye *et al.* 1994, Hidebrandt, 1986. A good illustration of the similarities and the empirical relatedness of variables, in light of the FT and the Principle of Contiguity, was provided by Hildebrandt (1986) from which the following exposition was extracted:

In relation to the FT, the definitional basis for the measurement of the theoretical constructs provided by the facet design consists of three basic facets:

- a) The population facet (P): describes the characteristics of the population;
- b) The content facet (S): defines the content of the variables under investigation (a set of *stimuli* or variables), and
- c) The answers facet (R): specifies the categories of the answers (a set of responses).

Figure 4.2 presents an example of the use of facet. This example was extracted from the satisfaction research and the construct under investigation is the consumer's satisfaction with different aspects of retailing in the consumer's area (cf. Hildebrandt, 1986).

Figure 4.2- An example of facet design in the area of satisfaction research



Source: adapted from Hildebrandt (1986)

In this example, “x” represents the population facet (P), facets A, B and C represent a set of content facets (S), which define the *stimuli*, and answer facet (R) represents the response range.

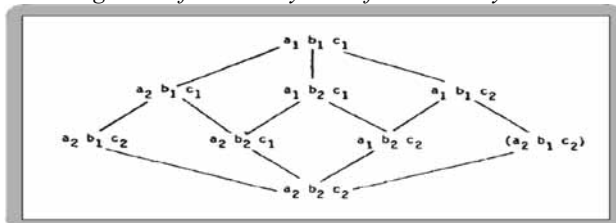
“The cartesian product of the defined content facets A x B x C provides all possible combinations of the facet elements which may be relevant to the domain under investigation. However, not all structuples<sup>60</sup> (facet combinations) in general make sense (...) The system may serve as a basis for constructing items, but it can as well be used to select items from former empirical research. Using this approach, the researcher assures that also different types of studies are comparable on the general level, even if the focus of each single study may be different” (Hildebrandt, 1986: 524).

“Using the principle it is possible to derive an ordering from the variables which in the simplest case is linear” (Hildebrandt, 1986: 524). Variables are arranged according to their contiguity with each one being different to its neighbor by one element (*ibid*).

<sup>60</sup> “A structuple is defined as an element of the Cartesian set; it is a profile composed by selecting an element of each element from the facet. Each structuple represents one possible item of observation in relation to the domain facet. A structuple is constructed by drawing one, and only one, element of each and all domain facets in the mapping sentence” (Godwin, 1999: 46).

In this respect, in the previous example, the linear combination of the three “S” facets, containing two elements each, produces eight combinations that define the variables that can be arranged in an orderly way according to the principle of contiguity as shown in Figure 4.3.

Figure 4.3- The ordering in a definitional system of three binary items



Source: Hidelbrandt (1986)

Note that if all eight variables are ordered in such way that each one is contiguous with its neighbor and it is differentiated from each other by one element, then the first variable becomes similar again with the last one (*ibid*) as it is shown by variable  $a_2b_1c_2$  in Figure 4.3.

As an illustration, according to Hidebrandt (*ibid*), on the semantic level, the expected similarity relations of the following variables are:

var 1	• $a_1 b_1 c_1$
var 2	• $a_1 b_2 c_1$
var 3	• $a_1 b_2 c_2$
var 4	• $a_2 b_2 c_2$

Similar	Less similar	Dissimilar
var1 and var2	var1 and var3	var1 and var4
var2 and var3	var2 or var4	
var3 and var4		

In this thesis research, these theoretical grounds helped this thesis author “to design the structured questionnaire based on the premise that the theoretical constructs that comprise the questionnaire should be semantically linked to the main variables that they were intended to measure” (Montalvo Corral, 2002: 119). Therefore, the produced questionnaire held the following sequence that fits the TPB based custom developed structural behavior model:

1. **General level:** asked general questions about the firm and the respondent;
2. **Direct measures<sup>61</sup> of intention:** asked questions about firms’ intention of engaging in GCE-based eco-innovation (in the next five years);
3. **Direct measures of the theoretical constructs:** asked questions about attitudes, perceived social factors and perceived behavioral control:

<sup>61</sup> “A direct measure refers to the single item (or questions) that intend to capture the overall connotative load held by the respondent regarding a specific behavioral domain” (Montalvo Corral, 2002: 109) (eg. knowledge and technologies), See the wording of the items (direct measures) in Appendix E.

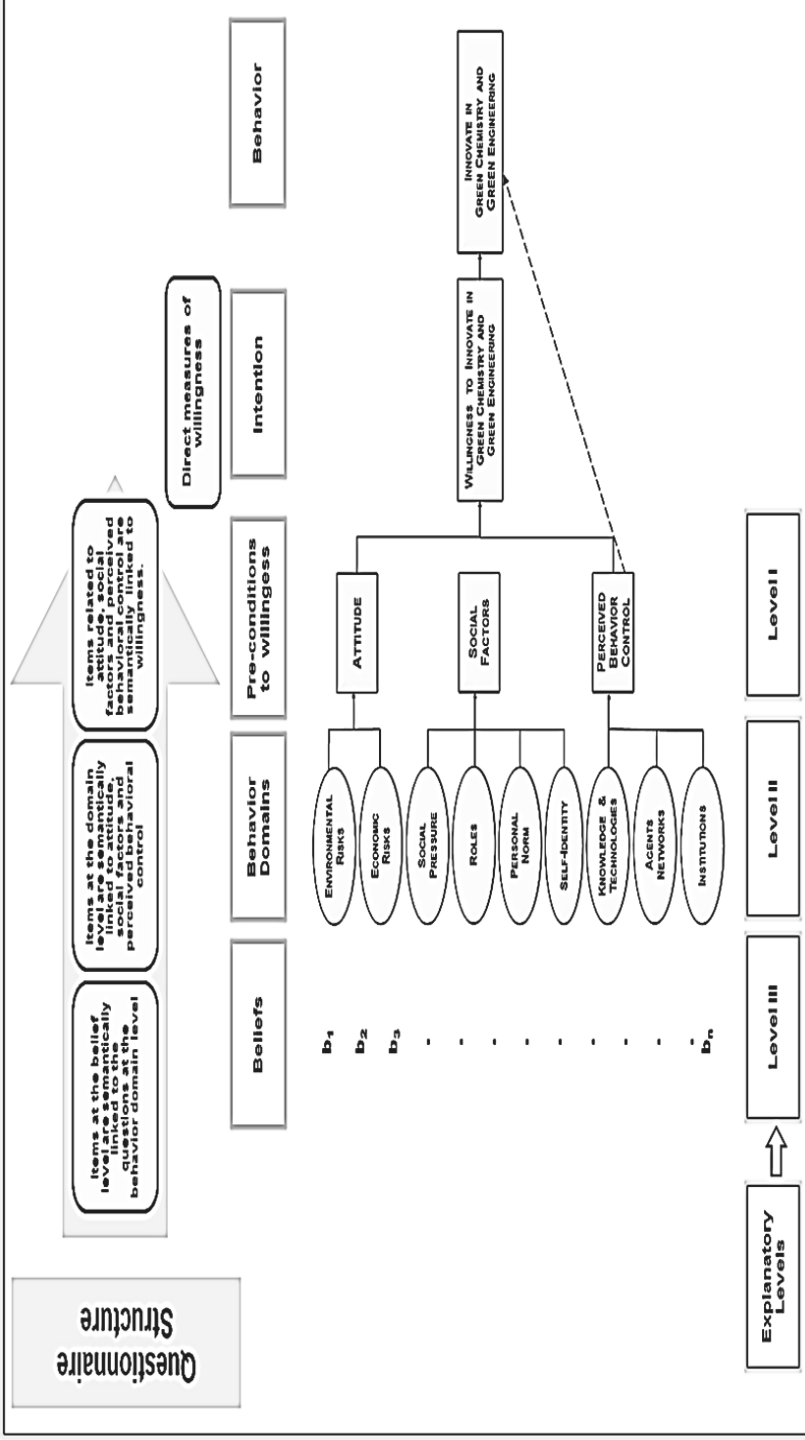
4. **Direct measures of the model's behavioral domains:** asked questions about environmental risks, economic risks, roles, personal norms, self-identity, knowledge and technology, agents and networks and institutions, and
5. **Beliefs scales:** intended to measure the beliefs associated with each behavioral domain.

This questionnaire sequence provided a semantic link of each item to the next explanatory level. In a hierarchical sequence:

1. Items at the belief level were semantically linked to the questions at the domain level;
2. Items at the domain level were semantically linked to attitude, social factors or perceived behavioral control constructs, and
3. Items within the attitude, social factors and perceived behavioral control constructs were semantically linked to willingness.

The questionnaire structure and its relations to this thesis researcher's behavioral model are shown in Figure 4.4.

Figure 4.4- Thesis research's questionnaire structure and its relation to the thesis researcher's behavioral model



Source: author

## 4.5 Quantitative Questionnaire Application and Data Collection

Researchers in the pursuit of empirical information collection are confronted with a wide variety of methods ranging from the experimental designs used in the physical sciences through surveys that are more common in the social sciences.

As this thesis research relied on survey based data collection, upon the conclusion of the questionnaire construction (Section 4.4), two major challenges appeared along the natural path that linked its development and the analysis of the results produced by its application:

- a) What would be a suitable sampling method that could produce results that make it possible to make estimates in respect to the target population<sup>62</sup> under study?
- b) What would be the appropriate means and strategy that could be employed in respect to the application of the questionnaire, in order to improve the response rate?

### 4.5.1- Defining the Survey's Sampling Method

In the surveys domain, due to a variety of factors (e.g. territorial extent, survey costs, lack of knowledge on the number of possible respondents etc.), in most cases the impossibility of approaching every single person in the surveyed population (census) is a real fact. In order to overcome these limitations, "researchers often use sample survey methodology to obtain information about a large population by selecting and measuring a sample from that population" (SAS Institute Inc. 1999: 149)

In this respect, as researchers work with a small part of the population, the use of samples that represented the population under study has long been a preoccupation in sampling methods development (Kosnick, 1999).

Sampling methods represent a vast scientific domain that evolved during the past decades as is attested to the work of various scientists such as Babbie (1990); Kosnick (1999); Lavrakas (1993); Weisberg *et al.* (1996).

Since the study of sampling methods is beyond the objectives of this thesis research, the focus of this section is limited to providing an explanation of the selection of the sampling method that was chosen by this thesis author.

Among the existing sampling methods, this thesis author initially faced the challenge of identifying one that could overcome the difficulties presented by the specificities of the research.

As a key initial difficulty, the author faced the fact that he had no information on the identity and on the number of elements that composed the population from which the sampling should be conducted (i.e. managers and decision-makers in the Brazilian basic and second generation petrochemicals manufacturing companies). This aspect, coupled with the difficulties in

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<sup>62</sup> "The target population can be viewed as the set of persons one wishes to study or the population to which one wants to make inference" (Couper, 2000: 467).

promoting this identification, such as the access to individuals, territorial coverage of the research, time requirements and cost, challenged this thesis author to identify a sampling method that could overcome these barriers.

This lack of information on the identities and on the number of potential surveyed individuals did not allow for the establishment of a sampling strategy as it did not make it possible to define the sampling (or population) frame<sup>63</sup>. A sampling frame had, therefore, to be constructed.

In this research, the construction of the sampling frame was difficult because it fell in the case in which “for a number of populations this frame construction is made impractical or impossible by, first, the small size of the target population and second, the difficulty of locating members of the target population” (Salganik and Heckathorn, 2004: 194).

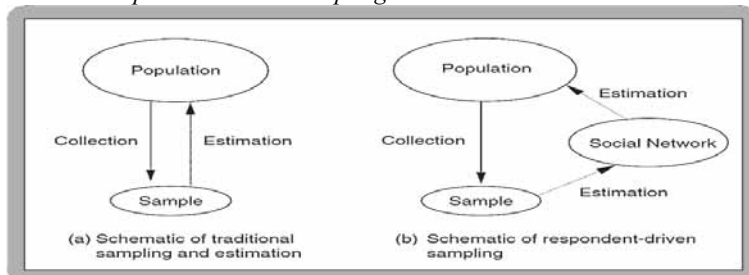
These populations are named “hidden populations” (Atkinson and Flint, 2001; Heckathorn, 2002; Salganik and Heckathorn, 2004; Thompson, 1997) and cannot be studied using standard sampling and estimation techniques (*ibid*).

Therefore a sampling method was required that could penetrate the companies’ borders and reach elements of this “hidden population”.

These factors influenced this thesis author to consider a chain referral sampling method as a suitable method for this thesis research. The chosen method, was introduced by Coleman (1958) under the name *snowball* sampling.

*Snowball* sampling is a method that takes advantage of the (social) network perspective to conduct estimations (Figure 4.5).

Figure 4.5- Schematic representations showing the differences between traditional sampling and estimation and respondent-driven sampling



Source: Salganik and Heckathorn, 2004

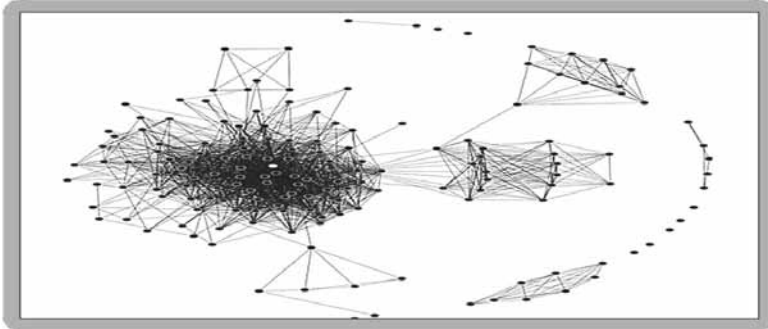
It explores individuals’ *intra* and *inter* relationships in social networks (cf. Figure 4.6). “Using the extra information that is available in the social network allows one to design a sampling

<sup>63</sup> Sampling frame is a list of all members of the population (cf. Salganik and Heckathorn, 2004). According to Groves (1989: 82), the frame population is defined as “the set of persons for whom some enumeration can be made prior to the selection of the sample.”



and estimation scheme that, in many cases, is both cheaper and more accurate than existing methods commonly in use” (Salganik and Heckathorn, 2004: 196).

Figure 4.6- Example of a social network showing the linkages between/among people in a group



Source: United States Geologic Survey. *Snowball sampling*.  
<http://www.fort.usgs.gov/landsatsurvey/SnowballSampling.asp>. Accessed in January, 2012

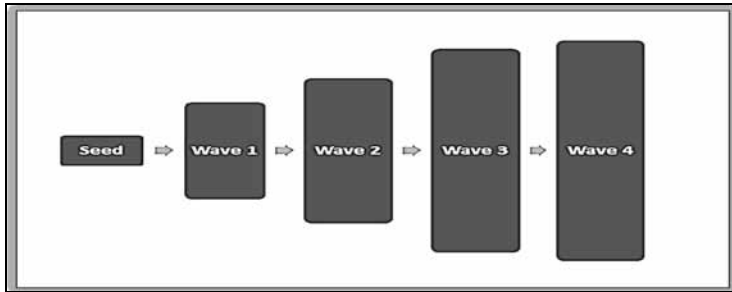
One inspirational point for the use of *snowball* strategy in the context of this research, came from Atkinson and Flint (2001). According to them, the main importance of this method resides on the fact that it allows the researcher to identify potential respondents where they are few in number or where some degree of trust is required to establish a contact. Complementarily, they added that “under these circumstances, techniques of ‘chain referral’ may imbue the researcher with characteristics associated with being an insider or group member and this can aid entry to settings where conventional approaches may be difficult to succeed” (*ibid*: 2)

Snowball sampling can produce in-depth results and can produce them relatively quickly. In addition, it has been found to be economical, efficient and effective in various studies (*ibid*). This method can be applied as an informal method to reach target populations and it is frequently used to conduct qualitative research primarily *via* interviews (*ibid*). It is used as a more formal methodology for making inferences about a population of elements, which have been difficult to enumerate through the use of other methods (Atkinson and Flint, 2001; Coleman, 1958; Goodman, 1961; Spreen, 1992).

It is a method for finding hidden and atomized subjects. In its simplest formulation, the *snowball* sampling method consists of identifying respondents who are then used to refer researchers on to other respondents (Atkinson and Flint, 2001).

According to Vogt (1999), *snowball* sampling starts with a set of respondents who serve as *seeds*. These *seeds* then recruit individuals in their social networks (personal, professional etc.) who, in their perception, are eligible to participate in the study. These *seeds*’ initial choices form the *first-wave* respondents. *First-wave* respondents then recruit the *second-wave* and so on. A diagrammatic representation of the strategy employed by the *snowball* sampling is presented in Figure 4.7. The ideal number of links in a referral chain will vary depending on the purpose of the study (Atkinson and Flint, *ibid*).

Figure 4.7– Representation of the Snowball sampling process wherein each wave increases the sample size



Source: United States Geologic Survey. *Snowball sampling*.  
<http://www.fort.usgs.gov/landsatsurvey/SnowballSampling.asp>. Accessed in January, 2012

In some way, *snowball* sampling provides results that coincide with the ones obtained *via* the use of the *quota*<sup>64</sup> sampling method:

“The key idea in quota sampling is to produce a sample matching the target population on certain characteristics (e.g. age, sex) by filling quotas for each of these characteristics. The assumption is that if the sample matches the population on these characteristics, it may also match the target population on the quantities we are trying to measure” (Doherty, 1994: 22)

### From Theory to the Real World

The strategies used to translate these conceptual and theoretical formulations into actions evolved in accordance to the specificities and context of this research and followed these rationale and steps:

- a) **Approaching the companies:** this research was developed within the industrial context where trust is required as a *sine qua non* condition. In such cases, chances of success can be improved if the researcher is viewed as an insider or as a group member. This can aid entry to settings where conventional approaches may not succeed.

In addition, because this thesis research was conducted within the industrial domain, having previous “knowledge of insiders” facilitated the identification of initial respondents. Coinciding with what was reported by Atkinson and Flint (2001), such knowledge was not readily available to the researcher and it would have been very time consuming and labor intensive to acquire.

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<sup>64</sup> Quota: (a) the share or proportional part of a total that is required from, or is due or belongs to, a particular district, state, person, group, etc., (b) a proportional part or share of a fixed total amount or quantity. Source dictionary.com (<http://dictionary.reference.com/browse/quota>) accessed in January, 2012.

Under these circumstances, the approach that was adopted followed the one addressed by Groger *et al.* (1999). They suggested that engagement of people in positions of relative authority or proximity may provide a route into the required population.

In order to overcome these difficulties, and to construct a route into the Brazilian petrochemical sector, this thesis author obtained official support from the *Brazilian Chemical Industry Association* (ABIQUIM)<sup>65</sup>. ABIQUIM's support was of uppermost importance for the success of the application of this research's qualitative survey. It was fundamental for the generation of awareness, the creation of legitimacy and for encouraging commitment and responsiveness in relation to the survey.

ABIQUIM was a key element in promoting contacts with key people in the companies' realm (*seeds*) who facilitated the proper articulation for the initiation of the sampling and survey application processes.

- b) **Establishing contact with companies:** being a trade association and a central member of the petrochemical sector social network in the Brazilian context, ABIQUIM held the required credibility and legitimacy to permeate the sector's boundaries and to establish a bond, between this thesis researcher and the companies. This provided a good environment for the application of the questionnaire.

By giving its official support to the research and introducing the researcher to one representative in each company, ABIQUIM in addition to providing access of the researcher to the study domain it took the first step in the *snowball* sampling process. This move identified the *first-wave* respondents (the *seeds*) in the sampling and questionnaire response chain (cf. Figure 4.7). The seeds, were represented by one representative in each company.

- c) **Constructing samples and identifying respondents:** subsequently, the *seeds*, in turn, recruited further questionnaire respondents that he or she considered suitable to respond the questionnaire.
- d) **Information collection:** upon the identification of the *seeds* and the recruitment of additional respondents, the questionnaire response and data collection was performed.

Due to the characteristics of this thesis research, which specifically focused on managers and on influential decision-makers within the company domain, only one wave in the *snowball-*

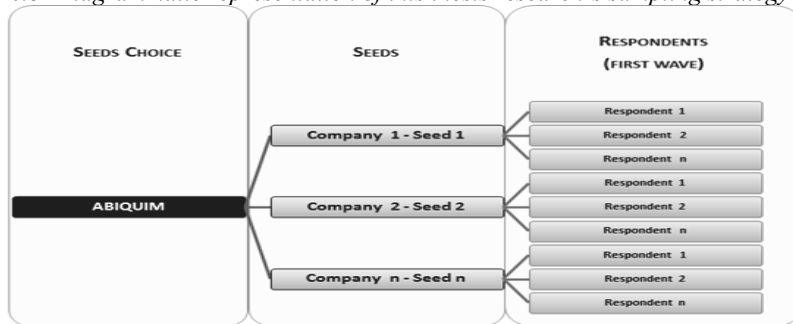
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<sup>65</sup> ABIQUIM is an acronym for Associação Brasileira da Indústria Química, which can be translated into English as the *Brazilian Chemical Industry Association*. ABIQUIM represents the Brazilian manufacturers of chemical products and deals with a wide variety of issues, including the coordination of *Atuação Responsável*® (Brazilian version of Responsible Care®); quality, environment and safety related issues; human resources development; statistics; economic studies; product advocacy; free trade agreements; tariff negotiations; and others.

ABIQUIM also represents the Brazilian Chemical industry in the Mercosur Chemical Industry Council - CIQUIM and in the International Council of Chemical Associations - ICCA. Its membership includes 160 companies. These companies produce basic and intermediate chemicals, petrochemical commodities, specialties, fine chemicals and other industrial chemical products. Among the members there are also transporters and distributors of chemical products committed to the Chemical Manufacturer's "Responsible Care Program".  
Source: <http://www.abiquim.org.br/english/content.asp?princ=wwa&pag=whowe>. Accessed in January, 2012.

sampling wave was required. A diagrammatic representation of this research thesis' sampling strategy is presented in Figure 4.8.

Figure 4.8- Diagrammatic representation of this thesis research's sampling strategy



Source: Author

#### 4.5.2 Survey Implementation: Methodology and Tools

As an exercise of simplification, survey processes (conception, development and implementation) can be understood as being composed by the interactions of a series of sub-processes that are supported by a significant number of theories. This produces a variety of methods that can be applied according to the objectives, context, and limitations of the research.

Examples of some of these theories, their application and their contribution to the quantitative survey associated with this thesis research were presented in this Chapter. Complementary to previous sections in this Chapter, Section 4.5.2 presented and discussed the implementation of this research's qualitative survey, the questionnaire pretest methods and the instruments that were employed to make the survey implementation viable.

#### Definition of the Survey Method

According to Couper (2000), survey types are a function of their stated goals and the context of the various sources of survey measurement errors. In self-administrated surveys, errors could be a result of the respondents' lack of motivation, comprehension problems, deliberate distortion, etc. and from the survey instrument poor wording or design, technical flaws, etc.

Identifying a suitable method and instruments for the implementation of a survey that can overcome the limitations imposed by these sources of measurement errors is case specific and of prime importance.

Couper (*ibid*: 464) further stated that, "the rubric 'web survey' encompasses a wide variety of methods, with different purposes, populations, target audiences, etc. (...) In order to judge the quality of a particular survey (be it Web or any other type), one needs to do so within the context of its stated aims and the claims it makes".

Based on the research goals and on the aforementioned context limitations, the self-administrated web survey method was selected as a suitable method that could fulfill this thesis researcher's needs.

In the opinion of this thesis author, the combination of the self-administrated web survey method, the ABIQUIM supported implementation strategy, and the use of the appropriate tools could:

- a) Promote the territorial coverage of the survey in a cost effective way (Brazil is a vast country and the petrochemical sector is spread throughout different regions),
- b) Reach the respondents in an easier way than contacting companies in the absence of this kind of sponsorship,
- c) Collect information in an accessible and cost effective manner,
- d) Provide the tools that allow for data collection and analysis in an easy, reliable and effective way, and
- e) Allow for an easier follow-up of the progress of the survey process and closer interaction with the respondents.

In order to comparatively place this thesis web survey relative to the many existing methods, the typology of web survey design proposed by Couper (*ibid*) was used as a reference. Among the non-probability and probability types of web surveys proposed by him, the method adopted for this research is similar to the one described as "list-based samples of high-coverage populations" (LBHCP) (Couper, *ibid*).

The choice of this method was supported by Couper's (*ibid*) argumentation that web surveys are useful for a subset of the population with very high or complete coverage. In this case, very high coverage was interpreted as managers and decision-makers full access to Internet. Additionally, he stated that, "the basic approach to this type of web survey is to begin with a frame or list of those with web access. Invitations are sent by e-mail to participate, and access is controlled to prevent multiple completions by the same respondent" (*ibid*:485).

It is important to underscore the fact that while coverage does not represent a concern in this type of survey, nonresponse remains a key concern (Couper, *ibid*). Many factors, which are dependent on the type, objectives and context of the research, are influential to obtaining a low or a high nonresponse rate, (Atkinson and Flint, 2001; Couper, 2000; Kronsick, 1999; Linsky (1975); Porter and Whitcomb 2003).

An in-depth study of factors that can influence response rate in surveys is beyond the scope this thesis research. Therefore, only factors found in the literature that were assumed, by this author, to have relevance to this specific thesis research were taken into account in the design and implementation of this thesis' survey. They are discussed in the following paragraphs.

One interesting approach for explaining the influences on the questionnaires' response rates was published by Linsky (1975). According to him, two major classes of factors contribute to survey response rates: (a) perceptual and mechanical, and (b) broad motivational factors.

Based on Atkinson and Flint (2001), it is this thesis researcher's opinion that in the perceptual domain, survey response rates can be associated, with the degree of legitimacy, bonding and

awareness of the salience of the survey that the researcher/survey generates with the respondents. The mechanical factors are represented by techniques that are “intended to increase response rates either by making it mechanically easier for the respondent to reply or by making recipients more aware of having received the questionnaire” (Linsky, 1975: 83).

Broad motivational factors involving elements, such as anonymity, presentation letters, phone contacts, arguments of social importance and relevance of the research etc., were explored in the following paragraphs.

According to Krosnick (1999: 549), “factors influencing a respondent’s motivation to optimize<sup>66</sup> include the need for cognition, the personal importance of the question’s topic to the respondent, the beliefs about whether the questionnaire will have useful consequences, the behavior of the interviewer, and fatigue.”

These aspects were taken into account and precautions were taken to develop a questionnaire that could enhance the interest and willingness to participate in the survey and to complete the answering process. At the same time, suitable techniques and tools were identified, which could make the survey implementation easier and fluid.

In order to show how these precautions were incorporated they are organized and presented in the following order: questionnaire pretest and survey implementation.

### **Questionnaire Pretest**

The questionnaire pretest represented the proving grounds upon which the proposed questionnaire was tested under actual survey conditions before it was submitted for full-scale implementation. According to Rea and Parker (2005: 27), “during the course of the pretest, poorly worded questions will be identified and the overall quality of the survey instrument will be refined. Based on actual pretest experience, the questionnaire is fine-tuned for use in actual survey process”

Questionnaire pretesting aims at the identification of questions that are difficult to be comprehended by the respondents and those questions that are interpreted differently than the original researcher’s intention (Krosnick, 1999). Besides that, the pretest constitutes an excellent opportunity to identify the existence of moral and ethical violations, and motivational factors that could introduce barriers for the response process and, therefore, could diminish the willingness of the respondent to participate (Rea and Parker, 2005).

For pretest purposes, only companies that were in close territorial proximity to the thesis author were contacted. This proximity facilitated the process and the enhancement of the pretest quality through the easiness of communication with professionals, some of whom were acquaintances of the researcher.

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<sup>66</sup> According to Krosnick (1999), an optimizing respondent is the one who under a series of motives (e.g. desires for self-expression, interpersonal response, intellectual challenge, self-understanding, feelings of altruism, or emotional catharsis) feels inspired to perform the necessary cognitive tasks in a thorough and unbiased manner.

Since this thesis survey was conducted *via* a web-based, self-administrated questionnaire, the pretest scope included the assessment of the survey instruments by verifying if it was sufficiently able: (a) to promote a good and steady communication between the researcher and the respondents, (b) to convey the questionnaire to the respondents in an easy, secure and efficient manner, and (c) to collect the information generated by the questionnaire respondents in a format that facilitated easy data assessment.

In this qualitative research survey, the e-tools used for the questionnaire development and application were: (a) a web-based survey dedicated application which was accessed by the respondents *via* a custom password protected web link that was sent to each *seed* (cf. Section 4.5.1) (b) e-mails that followed an introductory phone call.

After a series of contacts, three companies at the *Camaçari Petrochemical Complex*, northeast Brazil, volunteered and cooperated in the questionnaire pretest. They agreed to review, assess and comment upon the e-questionnaire wording and design elements such as the placement of the questions, the flow of the questionnaire, its typographical features, technical flaws, etc. (cf. Couper, 2000) as well as on the adequacy, performance and efficiency of the survey's e-tools.

Following Couper (2000), Kosnick (1999) and Rea and Parker (2005), the following guidelines for the draft questionnaire pretest (Table 4.2) were used:

*Table 4.2- Guidelines developed for pretesting the web survey's questionnaire content and the e-instruments used for its implementation*

<b>Assesment of the Web Survey e-Tools</b>	<ul style="list-style-type: none"> <li>• Verification of the suitability and efficiency of the use of e-mails as a communication tool and their capability to deliver to the respondents the weblink and password for accessing the questionnaire on the web;</li> <li>• Verification of the suitability and efficiency of e-mails in forwarding the weblink and the password to the questionnaire to other respondents;</li> <li>• Verification of the capability of the web survey instrument to be accessed via the weblink embodied on the survey's invitation e-mails;</li> <li>• Verification of the efficiency and easiness of the use of the websurvey instrument to answering the questionnaire, and</li> <li>• Verification of the capability of the websurvey instrument to provide data collection in an way that allows for easy and reliable data assessment.</li> </ul>
<b>Questionnaire Clarity and Understanding</b>	<ul style="list-style-type: none"> <li>• The degree of understanding of the questions;</li> <li>• The existence of ambiguities;</li> <li>• The provision of clear questions and response options that allow for a good interpretation and response easiness;</li> <li>• The use of a simple and direct language that allow for easy understanding and interpretation of what is being asked;</li> <li>• The existence of specific words or expression that can make it difficult for the questions to be understood;</li> <li>• The clarity and the sufficiency of information of the questionnaire introductory pages with regard the instructions for the use of the e-tool used for the questionnaire answering, and</li> <li>• The clarity and the efficiency of the introductory and guiding texts, at the beginning of each section, in promoting a good understanding of the objectives of the section's questions.</li> </ul>
<b>Questionnaire Acceptability</b>	<ul style="list-style-type: none"> <li>• Violation of personal, functional or organizational privacy;</li> <li>• Violation of moral or ethical standards;</li> <li>• Questionnaire length, and</li> <li>• Overall questionnaire acceptability</li> </ul>

Source: author

Under the guidelines shown in Table 4.2 and based upon reactions and suggestions of the volunteer respondents, the test produced good results and also provided suggestions for improvements that were incorporated into the final version of the questionnaire.

After the pretest was completed, the survey implementation and the questionnaire application were performed.

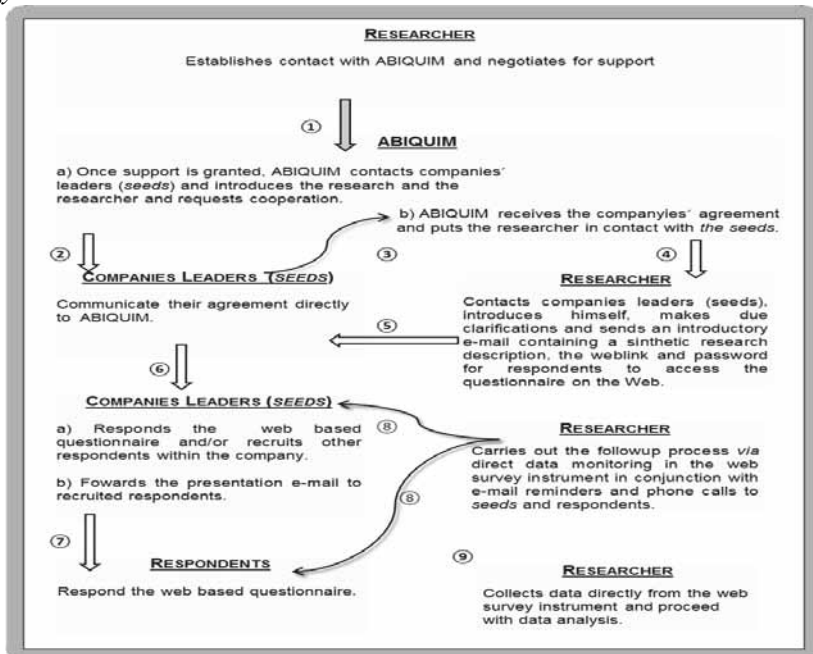
## Survey Implementation

One interesting aspect of this thesis' survey is that, due to the factors explained in Section 4.5.1, the strategy for its implementation embedded the research's sampling process, which was done concomitantly to the questionnaire application.

This section presented a more detailed and consolidated dynamic representation of the issues presented in the foregoing sections and presented the theoretical grounds based on which key stages of this research's implementation process were designed.

As a complement to Figure 4.8, Figure 4.9 shows a detailed diagrammatic representation of the implementation strategy of the quantitative survey questionnaire.

Figure 4.9- Diagrammatic representation of the thesis questionnaire survey implementation strategy



Source: Author

This thesis research's survey implementation strategy was conceived not only to promote a fluid and efficient questionnaire application, but it was also designed to use motivational elements that could enhance the questionnaire respondents' willingness to engage cooperatively in the survey process.

Although Figure 4.9 is self-explanatory, further explanation is required for a deeper view and a better comprehension of which motivational theoretical elements were employed and how and why they were introduced in the steps 1, 2, 5 and 8 of the survey implementation strategy:



- a) **Step 1:** was related to the process of legitimacy and bonding building in a realm (industrial sector) in which trust is required as a *sine qua non* condition for cooperation and engagement. Once legitimacy and bonding are achieved and the researcher are viewed as reliable and trustful, the chances of cooperation and response rate to the questionnaire are likely to increase. According to and Heberlein and Baumgartener (1978), Linsky (1975) and Sheenan, (2001), studies showed that the use of an **influential sponsoring organization** can give researchers the right support to achieve these objectives.

In this respect, this thesis author appealed to and negotiated for required support, for the survey implementation, with ABIQUIM (cf. Section 4.5.1). ABIQUIM's support was granted based on an array of factors that included:

- The thesis research objectives;
  - The credibility of the supporting educational organization (**research affiliation and/or university sponsorship**; cf. Fox *et al.* 1988 and Sheenan, 2001);
  - **The arguments for social utility** (cf. Linsky, 1975) of the research and
  - The analysis of the degree of congruence between the researcher's aims and the petrochemical sector's interests.
- b) **Step 2:** was taken based upon the previous argumentations. By attesting to the reliability and credibility of the study, ABIQUIM appealed to leaders (*seeds* - cf. Section 4.4.1) in the companies in the Brazilian petrochemical companies to help the researcher to conduct the study. Appeals were made via **introductory and personalized e-mails**. The decision to send personalized e-mails was made based on studies conducted by Linsky (*ibid*) in which this approach produced higher response rates.
- c) **Step 5:** pre-contacting each *seed* in every company that demonstrated interest in participating in the survey was considered to be another key element for increasing the questionnaire response rate. According to Linsky (*ibid*: 83-84) "pre-contacting respondents before they receive the questionnaire appears to increase response rates (...). Generally, such pre-contacts identified the researcher, discussed the study's purpose, and requested cooperation". In the same direction, Fox *et al.* (1988) and Klapowitz *et al.* (2004) called attention to the impacts of pre-notification contacts in the response rate.

This approach also allowed the researcher to come into closer contact with the companies' leaders (*seeds*) and provided him with the opportunity to render detailed information on the survey. This generated legitimacy and helped to positively influence them to fill in the questionnaire. Pre-contacting also generated awareness about the reception of the e-mail from the researcher with the survey invitation. This e-mail contained detailed information about the survey as well as a web link and the password for the questionnaire.

Metha and Sivadas (1995) made a strong point over the indispensability of pre-notification for e-mail surveys and emphasized that the practice of sending unsolicited e-mail surveys is unacceptable.

This is a very significant point because, normally unsolicited survey e-mails are trashed or they go directly into spam. "Spam has become a ubiquitous feature of the web, and many people are used to receiving countless unwanted e-mails from marketers (...). It will become increasingly important for survey researchers to distinguish themselves from spammers and to do so in creative ways". (Porter and Whitcomb, 2003: 586-587)

At this point, it was expected that the researcher promised anonymity and acquired a closer level of intimacy with the respondents thus allowing for the development of stronger bonding and trust.

- d) **Step 8:** the last step of this thesis survey implementation strategy harbored motivational elements aimed at enhancing willingness to cooperate in the questionnaire response is represented by the survey follow-up process.

Post-notification or follow-up has been found to have positive influence on response rates in the different types of survey (Comer and Kelly, 1982; Heberlein and Baumgartner, 1978; Jobber, 1986; Murphy, *et al.*, 1990, 1991; Linsky, 1975; Yammarino *et al.*, 1991).

In the specific case of electronic surveys, Kittleson (1997: 196) made a strong point on the importance and efficiency of follow-up notices to electronic survey emphasizing that "one can expect between a 25 and 30% response rate from an e-mail survey when no follow-up takes place. Follow-up reminders will approximately double the response rate for e-mail surveys".

In the same direction, Heberlein and Baumgartner (1978), in addition to noting the potentiality of follow-ups to promote higher response rates, they emphasized that, although many types of follow-up contacts can be and have been employed, the use of multiple follow-ups has been found to produce higher response rates than single reminders.

Based on these previous arguments, and on previous experiences of this thesis author, the incorporation of tight and close follow-up was implemented. The follow-up process was conducted via e-mails and/or phone calls in accordance with the degree of accessibility and availability of the respondents for conversations. Although it was not measured, this practice provided significant improvement in the response rate.

In respect to Step 9, this author reported that data generated in the questionnaire response were easily and reliably collected by the web survey instrument. This instrument had a perfect integration with statistical software packages and allowed for proper data analyses (Chapter 6). The statistical analyses provided the resources to test the research's questionnaire reliability and the validity of this thesis research's behavioral model. The theory supporting the verification of the reliability and the validity are presented in Section 4.6 and the related results are shown in Chapter 6 and in Appendices A, B and C.

#### **4.6 Empirical Confirmation of the Research's Supporting Theory: the Reliability of the Measurements and the Validity of the Research's Behavioral Model**

As noted in Chapter 3 and in Section 4.3, the TPB occupies a central place in this thesis research and functions as the meta-theory that integrates various theories in the process of human behavior explanation and prediction. As a result, a TPB-based structural behavioral model was developed (cf. Chapter 5) through which the relative importance of the behavioral determinants in explaining and influencing GCE eco-innovative behavior of the Brazilian petrochemical companies could be assessed. "This assessment implies the measurement of the behavioral correlates involved" (Montalvo Corral, 2002: 198). The validation process of these measurements provided the grounds upon which their supporting theories could be tested and verified in respect of its empirical confirmation (Montalvo Corral, *ibid apud* Loewenthal, 1996; Kline, 1986; Ghiselli, 1981).

The validation of abstract constructs is intimately related to the adequacy of the measurement method. According to Korzybsky (1994: 259), "a measurement represents nothing else but a search for empirical structure by means of extensional, ordered, symmetrical and asymmetrical relations".

"Measurement is mostly viewed as the process of linking abstract concepts to empirical indicants" (Carmines and Zeller, 1979: 10). In the psychometric research, it is widely accepted that methods that are used for the measurement of abstract constructs are considered good or scientific if the instrument used to measure is based on at least one interval scale and it is reliable and valid (Montalvo Corral, 2002). This corroborates Duckworth's (1973) (cf. Section 4.4.1) and Carmines and Zeller's (1979) arguments that reliability and validity are basic and fundamental characteristics required for a psychometric measurement instrument to be considered scientifically useful.

"Measurement focuses on the crucial relationships between empirically grounded indicator(s), that is, the observable responses, and the underlying unobserved concept(s). When this relationship is a strong one, analysis of empirical indicators can lead to useful inferences about the relationships among the underlying concepts. In this manner, social scientists can evaluate the empirical applicability of the theoretical propositions". (Carmines and Zeller, 1979: 10)

Complementarily, it can be argued that inferences that are made from empirical results that are obtained from measurement instruments whose reliability and validity are weak and faulty can show to be incorrect and produce misleading conclusions as well as a poor understanding of the concepts under investigation. Therefore, they are deemed to be of no scientific value and deserve low confidence. "(...) validity (and reliability) of measurement qualify our interpretation of scores (and of observed relations among measured variables)" (Hoyt *et al.*, 2006: 770).

Reliability and validity of measurements are translated as the measurement's capability to provide consistent results with repeated measurements and to reflect its intended theoretical concepts (Carmines and Zeller, 1979).

In the following sections, a more elaborate view on these two concepts is presented.

#### 4.6.1 Reliability of Measurements (questionnaire)<sup>67</sup>

Measurement reliability is related to the extent to which repeated measurements of the same phenomenon produce consistent results (Aronson *et al.*, 1990; Carmines and Zeller, 1979). According to Hair *et al.* (2005), reliability represents the degree to which the measurements of a set of latent construct<sup>68</sup> indicators are consistent.

“Construct indicators that are highly reliable are highly inter-correlated, indicating that they are all measuring the same latent construct” (Hair *et al.*, *ibid*: 467)<sup>69</sup>.

Higher reliability levels of a measurement procedure are achieved when the results obtained by repeated measurements show high degree of consistency (Carmines and Zeller, *ibid*). When measurements reliability decreases, indicators become less consistent and represent poor indicators of the latent constructs (Hair *et al.*, *ibid*)

In the use of questionnaires as a measuring instrument, reliability “refers to the extent to which the outcome of a test remains unaffected by variations of the conditions and procedures of a test” (Montalvo Corral, 2002: 200, *apud* Loewenthal, 1996). A reliable test (or scale) is expected to be consistent, internally and overtime (*ibid*).

Internal consistency can be expected to exist, if each item in the scale measures attributes of the same variable (Litwin, 2003; Montalvo Corral, 2002). It represents a *sine qua non* condition for testing measurement reliability. It indicates how well the different indicators measure the same variable, based on the correlations between the different items of the same test. Internal consistency in the reliability domain concerns individual constructs, one at a time, as opposed to measurement validity, which is related to the relationships of individual constructs with the other constructs that are present in the proposed nomological network<sup>70</sup>.

The concept of nomological networks “refers to the interlocking system of laws which constitute a theory” (Cronbach and Meehl, *ibid*: 290). Nomological research involves internal and external examinations of the construct. According to Byrne (1984), the analysis of the

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<sup>67</sup> This section discusses the concept of reliability of measurement as used in social sciences (but not in industrial statistics or biomedical research). The term reliability used in industrial statistics denotes a function describing the probability of failure (as a function of time).

<sup>68</sup> Latent construct (or latent variable): in the operationalization of a construct in Structural Equation Modeling (SEM), a latent construct or variable cannot be measured by direct measures. It can be only represented or measured through one or more variables (indicators) (cf. Hair *et al.*, 2005).

This statement reflects the case of this thesis research in which willingness of companies to engage in eco-innovation activities cannot be measured directly. It is represented by and measured *via* a set of constructs and variables (indicators) comprised in a structural behavioral model.

<sup>69</sup> Free translation from Portuguese by this thesis researcher.

<sup>70</sup> According to Cronbach and Meehl (1955), the concept of nomological networks refers to the interlocking system of laws, which constitute a theory. Nomological network is intended to connect the theoretical and the observable domains. “The laws in a nomological network may relate (a) observable properties or quantities to each other; or (b) theoretical constructs to observables; or (c) different theoretical constructs to one another. These ‘laws’ may be statistical or deterministic.” (*ibid*: 290).

relationships of the different variables of a construct, allows for the examination of its internal structure with the possibility of determining its dimensionality.

“External examination of a construct, on the other hand, focuses on relationships between the construct under study and other constructs, presumed to be mutually exclusive” Byrne (1984: 428).

In reliability analysis, the dimensionality of a test is a crucial factor because achieving acceptable one-dimensional measures is a necessary condition for assigning meaning to estimated constructs (Anderson and Gerbing, 1988). A set of indicators is one-dimensional if it has characteristics that have only one underlying trait or concept in common (Hair *et al.* 2005). Internal consistency represents, therefore, a necessary condition in assessing one-dimensionality (Anderson and Gerbing, *ibid*).

In this thesis research, the questionnaire scales were selected to provide measurements that are internally consistent and one-dimensional in acceptable levels. This was expected to render estimates of the connotative load of the attitudes, of the perceived social factors and of the perceived capabilities to engage in GCE-based eco-innovation activities.

Reliability statistics of tests are expressed by indices. Hoyt *et al.* (2006: 793), based on Schmidt *et al.* (2003), highlighted that “when scores to be correlated are derived from self-report measures, two types of reliability coefficient are commonly considered”. These two coefficients were proposed by Cronbach (1951) in order to cover reliability in different timespans:

- a) **“Coefficient of stability (CS):** estimates the stability (replicability) of scores over time (i.e., test-retest reliability) and is computed as the correlation between scores on the same measure administered on two different occasions (longitudinal studies);
- b) **A coefficient of equivalence (CE):** “estimates the replicability of scores across different samples of items from the same content domain and is computed as the correlation between scores on different measures of the same construct, administered on the same testing occasion” (Hoyt *et al.*, 2006: 793). It shows how nearly two measures of the same tract agree (Cronbach, 1951).

These two statistical approaches make it possible to determine if a measurement instrument fulfills the previously noted characteristics required for it to be reliable, to be consistent internally and overtime.

The calculation of reliability of measurements in longitudinal studies requires multiple application of the questionnaire to a control group in different times. In the case of this thesis research was virtually impossible due to time constraints and willingness limitations of the respondents in answering the questionnaire a second time. Only the coefficient of equivalence (CE) was considered in calculating this thesis research questionnaire’s reliability.

This choice was supported by the arguments published by Loewenthal (1996). He emphasized that one test suffices to test the reliability of a battery of items. In addition, Bryman (1992)

reported the tendency of multi-indicator measures to exhibit greater internal than external<sup>71</sup> consistency thereby, reflecting a tendency for coherence (internal consistency) to be a more exacting requirement than stability (test re-test) overtime (cf. Montalvo Corral, 2002: 218, note 4).

The most widely accepted coefficient of equivalence statistics to estimate replicability of scores (internal consistency) is the Cronbach *Alpha* ( $\alpha$ ) coefficient (Gardner, 1995; Hair *et al.* 2005; Hoyt *et al.*, 2006; Montalvo Corral, 2002). It represents the ratio of the sum of the variances of the individual scores to the variance of the scale score.

Cronbach *alpha* (Cronbach, 1951) is a general coefficient that can be “applied to essays tests and attitude scales where responses to individual items could be given a range of scores” (Gardner, *ibid*: 285). According to Hoyt *et al.*, (*ibid*: 793),” researchers use coefficient *alpha* (Cronbach, 1951), which can be computed based on a single test form, to estimate the CE, so they do not need a second, equivalent test form.

*Alpha* values can range from zero to one. It is maximized when every item in a scale shares common variance with at least some other items in the scale (Gardner, 1995). In practical terms the higher the correlation among items the higher the alpha value.

In this thesis research, the levels of reliability coefficients values that were accepted for the scales follow those accepted by Cronbach (1990) and Kline (1986) who consider values that range from 0.6 to 0.8 as acceptable while aiming to obtain values close to or above 0.7.

The results of the evaluation of the reliability of the statistics of this thesis research are presented in Appendix A.

#### **4.6.2 Validity Statistics**

Although reliability is an important and basic element in providing confidence regarding accurateness of measurement of an abstract concept, it does not suffice by itself. In this respect, in addition to being reliable, a measurement must also be valid (Carmines and Zeller, 1979). In psychometric and in social sciences, an indicator of any abstract concept is considered to be valid if it measures what it is intended to measure (Carmines and Zeller, 1979; Hair *et al.*, 2005; Kline, 1986).

Validity is the extent to which a concept, conclusion or measurement is well-founded and corresponds accurately to the real world. In the area of scientific research design and experimentation, validity refers to whether a study is able to scientifically answer the questions it is intended to answer<sup>72</sup>.

A validity judgment can be looked at as an “integrative evaluation of cumulative evidence of internal structure and external correlates, considered in light of an evolving theoretical framework” (Hoyt *et al.*, 2006: 769).

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<sup>71</sup> “External consistency refers to the degree to which a measure is consistent over time.” (Bryman, 1992: 55)

<sup>72</sup> Source: [http://en.wikipedia.org/wiki/Validity\\_\(statistics\)#Criterion\\_validity](http://en.wikipedia.org/wiki/Validity_(statistics)#Criterion_validity), accessed in January, 2013.

While reliability focuses on the extent to which empirical indicators provide consistent results in repeated measurements, validity is related to the relationship between a concept and the indicators (*ibid*).

“Validity is an integrated evaluative judgment of the degree to which empirical evidence and theoretical rationales support the *adequacy* and *appropriateness* of *inferences* and *actions* based on test scores and other modes of assessment”. (Messick, 1989: 13; original italics)

These statements represent another way to emphasize, that “there are always theoretical claims being made when one assesses the validity of social sciences measures” (Carmines and Zeller, 1979: 12).

They further added that the assessment of the validity of an indicator is actually the assessment of the use to which it is being put. “One validates not a test but an interpretation of the data arising from a specified procedure” (Cronbach, 1971: 447).

One instrument can be valid for measuring one type of phenomenon and be invalid for assessing other phenomenon (Carmines and Zeller, *ibid*). This is a view that was also shared by Hoyt *et al.* (2006: 771):

“The nature of validity evidence will vary depending on the construct being measured and even depending on the population and setting to which the researcher plans to apply this construct”.

While reliability is intrinsically related to random measurement error, non-random error is at the heart of validity by producing systematic biasing effects on the measuring instrument (Carmines and Zeller, *ibid*).

In the psychometric research, five types of validity were identified: face, concurrent, predictive, content and construct (Carmines and Zeller, 1979; Cronbach and Meehl, 1955, Hoyt *et al.*, 2006; Kline, 1998).

Based on Carmines and Zeller (*ibid*) and following Montalvo Corral (2002), for this thesis research, content and construct validity were of primary interest. This choice stemmed from the fact that they “intrinsically demonstrate or falsify the quantitative nature of the constructs of interest. In addition, in establishing these types of validity it can be said that the theory supporting the production of the tests (constructs) can be considered as empirically confirmed” (Montalvo Corral, *ibid*: 206 *apud* Loewenthal, 1996; Kline, 1986 and Ghiselli *et al.*, 1981).

### **The Content Validity of this Thesis’ Behavioral Model**

According to Carmines and Zeller (1979: 20), content validity is related to “the extent to which an empirical measurement reflects a specific domain of content”. Content validity reflects the degree that a measurement reflects the meaning associated with the domains and sub-domains of the concept that is under study.

“Content validity is established by showing that the test items are a sample of a universe in which the investigator is interested. Content validity is ordinarily to be established deductively, by defining a universe of items and sampling systematically within this universe to establish the test”. (Cronbach and Meehl, 1955: 282)

Montalvo Corral (2002), quoting Ghiselli *et al.* (1981), noted that content validity of a set of measurement operations considers two aspects. According to him, “the extent to which each scale of the test pertains to the variable of interest as it is defined, and the extent to which the entire set of scales represent all aspects that the designated model intends to capture” (ibid: 206). Cronbach and Meehl (*ibid*) corroborated this view.

According Hoyt *et al.* (2006: 776), in the evaluation of existing measures, researchers are advised “to pay close attention to instrument-development strategies and content-validity evidence and to consider the match between instrument content and current construct theory as they consider the basis for interpreting scores (and the empirical findings based on these scores).”

In this thesis research, the content validation was accomplished by means of multivariate statistical confirmatory principal components analyses. The analyses theoretical foundations are presented in the next section and the results are shown in detail in Appendix B.

### **Statistical Foundations of the Content Validity**

The results of the statistical analyses regarding this thesis research’s behavioral model’s content validity, presented in Appendix B, supported the discussion, the explanations and the conclusions, presented in Section 6.6.2 of Chapter 6.

Montalvo Corral (2002: 206 *apud* Ghiselli *et al.*, 1981: 274, original italics), emphasized that the “*content validity* of a set of measurement operations refers to the degree to which those operations measure the characteristics we wish to measure, as *judged* from the appropriateness of the content of those operations”

The principles and concepts underpinning content validity that were presented in this section were used as guidelines for the content validation of this thesis research’s behavioral model. As aforementioned in this section, content validation was conducted *via* confirmatory principal components factor analyses as it makes it possible the definition of the subjacent structure of the data in a series of observations.

It “addresses the problem of analyzing the structure of the interrelationships (correlations) between a large number of variables (e.g. test scores, test items, questionnaire answers) defining a set of common latent dimensions (factors) (Hair *et al.*, 2005: 91).

The choice of performing a confirmatory principal components analysis bears two interconnected elements that are fundamental in achieving the objectives of the content validation process:



- a) **Confirmatory factor analysis:** it is a multivariate technique that is used to test (to confirm) a pre-specified relationship. A confirmatory analysis is performed when one tests the statistical significance of the predictor variables and the non-significance of the other variables. It “is used to confirm the hypothesized model” (Wehn de Montalvo, 2003: 225)
- b) **Principal components analysis:** this technique is considered to be appropriate for its application to this thesis research due to its capability to determine the minimum number of factors that are required to explain the largest part of the variance represented by the original set of variables

According to Wehn de Montalvo, (*ibid*, 225), “in confirmatory factor analysis, the loading of each variable on a particular factor(s) is compared to the expected solution. If the variables that load high on one factor fit together conceptually, this factor can be named according to the underlying concept that was theoretically proposed. These interpretations of the outcomes establish the extent to which the results confirm or fail to confirm the hypothesized structure”.

In this thesis research, a confirmatory factor analysis was performed using the SPSS statistical software package’s principal components extraction option. In accordance with the underlying behavior model, the analyses were conducted by setting the number of factors at three in order to represent the models three constructs: attitude (*A*), perceived social factors pressures (*PSFP*) and perceived behavior control (*PCB*).

The analyses were conducted at two levels. The first level analysis analyzed the scores of the behavioral domains scales ( $\Sigma_{evr}$ ,  $\Sigma_{ecr}$ ,  $\Sigma_{sp}$ ,  $\Sigma_{rlp}$ ,  $\Sigma_{pn}$ ,  $\Sigma_{si}$ ,  $\Sigma_{ktc}$ ,  $\Sigma_{an}$  and  $\Sigma_{inst}$ ). The second level of analysis regarded the scores of the direct measures of the behavioral domains overall perceptions (EVR, ECR, SP, RLP, PN, SI, KTC, AN and INST). The behavioral domains and their associated scales were discussed in Chapters 5, 6 and 7).

In order to enhance the interpretability of the factor analysis, a rotated<sup>73</sup> orthogonal solution of the component matrix<sup>74</sup> was adopted. Due to its extensive and common use, in this thesis research, the Varimax rotation (with Kaiser Normalization) was employed<sup>75</sup>.

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<sup>73</sup> In the factorial rotation, the factors’ reference axes are rotated around their origin until a new position is obtained. The final effect produced by the rotation of the component matrix is to distribute the variance of the first factors to the last ones in order to achieve a factorial pattern that is simpler and more significant (Hair *et al.*, 2005). The rotation maximizes the loadings of some variables and thereby assists in identifying the underlying concept (When de Montalvo, 2003, *apud* Bryman and Cramer, 1999).

<sup>74</sup> A component matrix is the table of all variable’s loads on each factor in a factor analysis.

<sup>75</sup> “Varimax, (...) is indubitably the most popular rotation method by far. For varimax a simple solution means that each factor has a small number of large loadings and a large number of zero (or small) loadings. This simplifies the interpretation because, after a varimax rotation, each original variable tends to be associated with one (or a small number) of factors, and each factor represents only a small number of variables. In addition, the factors can be often interpreted from the opposition of few variables with positive loadings to few variables with negative loadings. Formally varimax searches for a rotation (i.e., a linear combination) of the original factors such that the variance of the loadings is maximized”. Source: *Factor Rotations in Factor Analyses*. Hervé Abdi, The University of Texas at Dallas. (<http://www.utdallas.edu/~herve/Abdi-rotations-pretty.pdf>). Accessed in September, 2012.

Another important point in factor analysis is the verification of the adequacy of the dataset to this kind of analysis. That is, does the dataset have enough correlations that justify the employment of a factor analysis? In this research, this was answered in two complementary ways:

- a) **The Kaiser-Meyer-Olkin measure of sampling adequacy (MSA)**: it tests whether or not the partial correlations among variables are small. The MSA criterion indicates the degree to which the variables are related. Therefore, it helps in evaluating if using a factor analysis makes sense. This measure varies between zero and one. The values closer to one are an indication that each variable can be predicted by the other variable without errors. A value of 0.6 is a suggested minimum (Hair *et al.*, *ibid*).
- b) **The Bartlett test of sphericity**<sup>76</sup>: this test assesses the statistical probability that the correlation matrix has significant correlations, at least, between some variables (Hair *et al.*, *ibid*).

### **Influences of the Sample Size on the Statistical Significance of the Content Validity**

Small sample sizes represent a problem in determining the significance of the correlation between variables in factor analyses. According to Hair *et al.* (*ibid*), preferably, factor analyses should be performed by using sample sizes that contain one hundred or more observations.

In respect to the significance criteria for factor loads, Hair *et al.* (*ibid*) provided the following guidelines: (a) the larger the sample size, the lower are the loads to be considered significant, (b) the larger the number of variables to be analyzed, the lower are the loads to be considered as significant, and (c) the larger the number of factors, the larger are the loads in posterior factors to be interpreted as significant.

Since the sample size obtained in this thesis research's empirical data collection was low, thirty-six observations, in a dataset with a large number of variables, it was considered that this is a case that can be considered as falling into the "b" category of these guidelines.

This raised the question about the criteria for the acceptance of the analyses' factor. The answer was provided by the concept of "Practical Significance" analysis. Practical significance is a practical norm frequently used as a means to conduct a preliminary examination of the component matrix (Hair *et al.*, *ibid*).

In this domain, factor loadings with values that are above  $\pm 0.30$  are considered to be at a minimum level, factor loadings of  $\pm 0.40$  are considered more important and factor loadings with values equal or are greater than  $\pm 0.50$  are considered to have practical significance. Since the factor loading represents the correlation between the variable and the factor, the squared value of the load signifies the total variance of the variable that is explained by the

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<sup>76</sup> "This tests the null hypothesis that the correlation matrix is an identity matrix. An identity matrix is a matrix in which all of the diagonal elements are 1 and all off the diagonal elements are 0. You want to reject this null hypothesis". ([http://www.ats.ucla.edu/stat/SPSS/output/principal\\_components.htm](http://www.ats.ucla.edu/stat/SPSS/output/principal_components.htm)). Accessed in June, 2012.

factor. Therefore, loadings of 0.30 and 0.50 denote that approximately ten and twenty five percent respectively of the variable variance can be explained by that factor.

In respect to the content validity of a measurement, Hoyt *et al.* (2006) and Carmines and Zeller (1979) called attention to the fact that although it is important and necessary, it is not a sufficient condition for valid inferences. In addition, construct validity is, therefore, a necessary and complementary assessment in order to assure an acceptable degree of confidence in respect to the conclusions that are based on the measurement results.

### **The Construct Validity of this Thesis' Behavioral Model**

“We have suggested that both criterion validity and content validity have limited usefulness for assessing the validity of empirical measures of theoretical concepts employed in the social sciences. It is partly for this reason that primary attention has been focused on construct validity”. (Carmines and Zeller, 1979: 22)

According to Hoyt *et al.* (2006), the reason for the importance given to construct validity arises from the recognition that many constructs, and many measures, in psychology had no valid criterion measure and no adequate specification of the content domain. In order “to validate interpretations of scores on this type of measure, investigators must adopt an indirect and usually multifaceted approach (...) *construct validation*”. (*ibid*: 777, original italics).

Construct validity is defined broadly as the extent to which an operationalization measures the concept it is supposed to measure (e.g. Cook and Campbell, 1979; Ghiselli *et al.*, 1981).

At a basic level, “construct validity is concerned with the extent to which a particular measure relates to other measures consistent with theoretically derived hypotheses concerning concepts (or constructs) that are being measured” (Carmines and Zeller, *ibid*: 23).

Carmines and Zeller (*ibid*) also emphasized and called attention to the theory-laden aspect of the processes of construct validation. According to them, it is impossible to validate a measure of a concept in the absence of a theoretical network that supports the concept. The absence of this theoretical support makes it impossible to generate theoretical predictions, which lead directly to the empirical tests associated with the measures of the concept.

In this respect and in accordance with the previous paragraphs, this thesis researcher proposed a structural behavioral model (cf. Chapter 5), represented by a TPB theory-supported system of hypotheses, which linked beliefs to willingness (intention) to perform a specific behavior (cf. Section 5.3). In such a hypothesis-based system, each hypothesis required empirical verification.

According to Cronbach and Meehl (1955), construct validation is applicable to a test whenever it is considered as an interpretation of a measure of attributes and quality that are not operationally defined and the researcher aims at identifying which constructs account for variance in test performance. On the other hand, they emphasized that construct validation is usually valuable when the tester has no direct criterion to measure the quality that he is concerned with and must use indirect measures.

Carmines and Zeller (1979) noted that construct validation involves the specification of theoretical and empirical relationships involving concepts and measures of the concepts. It involves the interpretation of empirical evidence. In this respect, they noted that construct validation is comprised of three distinct steps: (a) the specification of the theoretical relationships between the concepts themselves, (b) the examination of the empirical relationships between the measures of the concept, and (c) the interpretation of the empirical evidence in terms of how it clarifies the construct validity of a particular measure.

In this thesis research, these steps were accomplished as follows:

- a) The specification of the theoretical relationships between the concepts was done *via* the proposal of a hypotheses system (cf. Section 5.3) that linked and established the theoretical relationships between beliefs to willingness to perform the behavior under study. These relationships were established across the research model's explanatory levels (cf. Chapter 5);
- b) With regard to the examination of the empirical relationships between the measures of the concept, it was conducted *via* a multivariate statistical test (multiple regression analysis) of the hypothesized relationships between the constructs and variables in the model. The construct validation statistics consisted of a set of multiple regressions upon the data set pertaining to the three levels of explanation of the behavior model. Appendix C presented the results of these analyses.
- c) The interpretation of the empirical evidence was done in light of the concepts under study and were presented in Chapters 6 and 7.

### **Statistical Foundations of the Construct Validity**

The results of the statistical analyses, presented in Appendix C, supported the discussion, the explanations and the conclusions, presented in Section 6.6.3 of Chapter 6, related to the content validity of this thesis research's structural descriptive behavior model.

The analyses provided basic and fundamental elements for the development of Chapter 7. In these analyses, the process of willingness formation, in the context of this thesis research, was fully explored, explained and discussed. Therefore, it was possible to identify key elements based on which recommendations regarding eco-innovation policies and strategies could be made. These recommendations were expected to help organizations, in the private and governmental domains, to develop efficient and effective policies that can facilitate and promote the engagement of Brazilian petrochemical companies in GCE-based eco-innovation processes.

As noted in the previous section, validity judgments can be understood as "integrative evaluations of cumulative evidence of internal structure and external correlates, considered in light of an evolving theoretical framework" (Hoyt *et al.*, 2006: 769). Validity is associated with the relationships between a concept and the indicators (*ibid*).

In this thesis domain, these relationships were proposed *via* an hypotheses system that was constructed based on the principles specified by the TPB. They provided the theoretical links that explained the influences that the beliefs exert on the formation of willingness to perform the behavior under study.

It was hypothesized that the beliefs in each of the behavioral domain scales<sup>77</sup> can explain the overall perception in their respective domains. This was followed by the hypotheses that the perceptions at the domain level can explain willingness. Finally, at the model's highest level of explanation, it was proposed that willingness was equally explained by the direct measures of attitude (*A*), perceived social factors pressures (*PSFP*) and perceived behavioral control (*PBC*).

### Statistical Examination of the Relationships Between the Empirical Results

A key concept underpinning the (construct) validation of this thesis research's behavioral model was derived from Montalvo Corral's (2002) work, which established that people's behavior, can be expressed in the form of the following mathematical expression (cf. Eq. 3.4 in Section 3.2.1 of Chapter 3):

$$B \sim I \alpha (w_0 + w_1A + w_2 SN + w_3PBC)$$

Where:

- B* is the behavior of interest
- I* is the individual's intention;
- A* is the attitude toward performing the behavior;
- SN* is the individual's subjective norm concerning the performance of the behavior;
- PBC* is the individual perceived behavioral control;
- w<sub>n</sub>* are weighting parameters empirically determined, and
- ~ suggests, that intention is expected to predict behavior only if the intention has not changed prior to the performance of the behavior.

For the purposes of this thesis research, this mathematical expression can be expressed in the form:

$$B = w_0 + w_1A + w_2 PSFP + w_3PBC \quad (\text{Eq. 4.1})$$

This made it possible to use multiple linear regressions to test each proposed hypothesis. According to Montalvo Corral (*ibid*), in the postulate of each hypothesis a null ( $H_{1,0}$ ) and an alternative ( $H_{1,1}$ ) were generated. They were related to the acceptance or rejection of the existence of a linear relationship of dependence between the dependent and the independent variables that were proposed, in Chapter 5, by the system of hypotheses.

$$\begin{aligned}
 &H_{1,0}: w_0 = w_1 = w_2 = w_3 = w_4 = 0 \text{ (null hypotheses)} \\
 &H_{1,1}: w_0 \neq w_1 \neq w_2 \neq w_3 \neq w_4 \neq 0 \text{ (alternative hypotheses)}
 \end{aligned}$$

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<sup>77</sup> "Behavioral domain scales refer to scores obtained with the addition of several items to obtain a composed single score" (Montalvo Corral, 2002: 109).

A null hypothesis was accepted if the degree of influence of the independent variables, weighted by their respective coefficients, upon the dependent variable was zero. On the other hand, the alternative hypothesis states that the influence of the independent variables on the dependent variable must be different from zero.

The test of hypotheses had the objective of verifying the existence of linear relationships of dependence between the dependent and independent variables. The existence of such relationships was conditioned to if, and only if, the null hypothesis was rejected.

In order to assess the chain of causalities between the perceptions and beliefs held by the managers and the firms' planned behavior of engaging in GCE-based eco-innovation activities the following sequence was adopted:

- a) **The Behavioral model's first level of explanation:** this higher and more general level of explanation of the model proposed that willingness (*W*) can be explained by attitudes towards the behavior (*A*), by the perceived social factors pressure (*PSFP*) and by the perceived control one has over the requisites, resources and opportunities to innovate (*PBC*). The existence of these relationships and their strength was tested by the regression of willingness (*W*) against (*A*), (*PSFP*) and (*PBC*) (cf. Section C1 of Appendix C).
- b) **The Behavioral model's second level of explanation:** at this level, the behavioral model specified that willingness can be explained by the behavioral domains that influence managers' *A*, *PSFP* and *PBC* regarding the behavior under study. These relationships were tested by the regression of *W* against the model's behavioral domains (*ENV*, *ECR*, *SP*, *RLP*, *PN*, *SI*, *KTC*, *AN* and *INST*)<sup>78</sup> (cf. Section C2 of Appendix C);
- c) **The Behavioral model's third level of explanation:** this level explained the influence of each variable in the scales on its respective behavioral domain. These relations were tested by regressing each behavioral domain against their respective scales (cf. Section C3 of Appendix C).

## Influences of the Sample Size on the Construct Validity Statistics

According to Hair et al. (2005), the effects of the sample size are more directly seen on the statistical power of the significance test of a multiple regression. "The power of a multiple regression refers to the probability of detecting, as statistically significant, a certain level of  $R^2$  (coefficient of determination)<sup>79</sup> at a significance level that was specified for a given sample size" (*ibid*: 148).

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<sup>78</sup> Behavioral domain's nomenclature: environmental risk (EVR), economic risk (ECR), social pressure (SP), roles (RLP), personal norms (PN), self-identity (SI), knowledge and technologies (KTC), actors and networks (AN) and institutions (INST).

<sup>79</sup> Coefficient of determination ( $R^2$ ) "is the measure of the proportion of the variance of the dependent variable that is around its mean that is explained by the independent variables (or predictors). The coefficient can vary between 0 and 1. If the regression model is properly applied and estimated, one can assume that the higher the  $R^2$  value, the greater the explanation power of the regression equation". (Hair et al, 2005, 132, free translation by this thesis research's author).

The samples size affects the tests of statistical significance sensibility in the sense that: (a) samples sizes that are too small allow for the test to detect only very strong relations with a certain degree of confidence, and (b) samples sizes that are too large make the tests of statistical significance too sensitive indicating, many times, that almost any relation as statistically significant (*ibid*).

Table 4.3 below illustrates the effect between the sample size, the chosen significance level ( $\alpha$ ) and the number of independent variables in the detection of a significant  $R^2$ . The values in the table are the minimum  $R^2$  that the sample size detects as statistically significant at the specified  $\alpha$  at a probability (power) of 0.8.

Based on this table, it can be seen that in a sample size of 20 observations, if five independent variables were used in an analysis to which a 0.05 significance and a statistical power of 0.80<sup>80</sup> were specified, the minimum  $R^2$ (coefficient of determination) value that could be statistically significant would be 0.48 (48%).

*Table 4.3- The minimum  $R^2$  that can be considered statistically significant at a power of 0.80 for diverse number of independent variables and sample sizes*

Sample Size	Significance level ( $\alpha$ ) = 0.01				Significance level ( $\alpha$ ) = 0.05			
	Number of Independent Variables				Number of Independent Variables			
	2	5	10	20	2	5	10	20
20	45	56	71	Not applicable	39	48	64	Not applicable
50	23	29	36	49	19	23	29	42
100	13	16	20	26	10	12	15	21

Source: Hair *et al.* (2005: 148)

In this research, in the analysis of the extent to which the behavioral domains explained willingness, the regression of the dependent variable “*W*” against the nine independent variables (the behavioral domains *EVR*, *ECR*, *SP*, *RLP*, *PN*, *SI*, *KTC*, *AN* and *INST*) produced a  $R^2$  of 0.724 (or 72.4%). According to the aforementioned table, the value found for  $R^2$  can be considered statistically significant for a sample size of 36, nine independent variables, for  $\alpha= 0.05$  and a power of 0.80.

For the case of this thesis research (with a sample size of thirty-six observations), although the statistical results showed that the model explained a major part of the variance and captured relevant relationships between variables, this thesis researcher believes that, based on the theory, weaker relationships could have been captured if the sample size had been larger.

### **Criteria for the Construct Validation of the Thesis Research’s Behavioral Model**

Multiple regression analysis was the statistical method used to assess the relationships between the dependent and independent variables that were proposed by this thesis research’ system of hypotheses. In this regard, the following criteria were considered when deciding for the rejection of the null hypothesis and for explaining how well the regression equations fit the data:

<sup>80</sup> The specification of a 0.80 statistical power in detecting a  $R^2$  signifies that one is satisfied to detect  $R^2$  at 80% of the time that it occurs.

- a) **Verification of the coefficient of determination (R<sup>2</sup>):** the coefficient of determination represents the percentage of the total variance of the dependent variable (*Y*) that is explained by the independent variables (*X*). It expresses the gain in variance explanation that is obtained by the use of multiple independent variables as compared with the sole use of the mean of *Y* to predict the dependent variable;
- b) **The dimension of the standard error of the estimate (SEE):** the SEE is a measure of the precision of the estimates. “It represents an estimate of the standard deviation of the dependent real values around the regression line. It is a measure of the variation around the regression line” (Hair et al. 2005: 173). SEE should not be much greater than one unit of measurement (When de Montalvo, 2003);
- c) **Examination of the statistical significance of the model:** this statistical test was performed in order to identify if the regression model can represent the population from which the data were sampled. It tests the predictive ability of the model. This test is conducted *via* the use of the F-ratio statistical test (F statistic). It tests the hypothesis that the amount of the variation that is explained by the regression model is greater than the amount of the variation explained by the mean (that is, R<sup>2</sup> is greater than zero) (Hair *et al.*, 2005). The F-ratio corresponds to the ratio of the means square of the regression to the means square residual<sup>81</sup>.

The F-ratio was calculated and compared with the F statistics table for the assessment of the significance of the model and the consequent rejection of the null hypotheses. If the test was significant, it can be concluded that at least one of the coefficients is not zero;

- d) **Significance test for the regression coefficients:** this test provided a probability based estimate that the coefficients, from samples of a given size, are different from zero (Hair *et al. ibid*). The significance of the regression coefficients were tested for their statistical significance *via* a *t*-test<sup>82</sup>.

The coefficient significance was verified by comparing the *p*-value<sup>83</sup> with the significance level for the test ( $\alpha$ ), which is the degree of confidence that the coefficient is not zero. In this thesis research, the regressions coefficients were significant, and therefore accepted, for *p*-values that are lower than a significance level of 0.05;

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<sup>81</sup> The mean square of the regression was computed by taking the sum of the squares of the errors for the regression and dividing it by the degrees of freedom for regression. The mean square residual was computed by taking sum of the squares of the errors (total) and dividing it by the degrees of freedom for residual.

$$F - \text{ratio} = \frac{\frac{\text{Sum of squares of the errors (regression)}}{\text{Degrees of freedom (regression)}}}{\frac{\text{Sum of squares of the errors (total)}}{\text{Degrees of freedom (residual)}}} = \frac{\text{SSE(regression)}}{\text{df (regression)}} \div \frac{\text{SSE(total)}}{\text{df (residual)}}$$

SEE = standard error of the estimate

df = degrees of freedom

<sup>82</sup> A *t*-test is a statistical hypothesis test in which the test statistic follows a Student's *t* distribution . It is a test to assess the statistical significance of the difference between two samples means for a single dependent variable (Hair *et al.*, 2005).

<sup>83</sup> The *p*-value is the probability that observations as extreme as the data would occur by chance in a given single null hypothesis.



- e) **Assessment of the impact of the multicollinearity in the regression model:** this assessment was conducted *via* two interrelated measures: (1) the tolerance values calculation, and (2) the variance inflation factor (VIF).

The tolerance is the amount of the variability of the selected independent variable that is explained by the other independent variables. It equals one minus the proportion of the variance that is explained by the other independent variables. Values of the tolerance range from zero to one. Low tolerance values signifies high collinearity. On the other hand, tolerance values that were close to zero indicated that the variable was almost totally explained by the other variables (Hair *et al.*, *ibid*).

The VIF is the reciprocal of the tolerance. According to Cohen *et al.* (2003, 423), VIF “provides an index of the amount that the variance of each regression coefficient is increased for a situation in which all of the predictor variables are uncorrelated”. Values close to one indicate that the interpretation of the coefficients of the statistical variable of the regression should not be unfavorably affected by multicollinearity. As a “cut-off” criterion, Daniel J. Denis<sup>84</sup> suggested that the one should consider the parsimony of the model for the cases when VIF values are above five;

- f) **Assessment of the normality of the distribution of the residuals:** this assessment was performed via visual inspection of the normal probability plots of the residues.

### **Final Considerations Regarding the Behavioral Model’s Construct Validity**

Based in the confrontation of the results presented in the Appendix C and the criteria for the behavioral model construct validation, it can be argued that:

- a) for every proposed hypothesis, there is a linear relationship of dependence between the dependent and independent (predictors) variables;
- b) the system of hypotheses was not rejected and, as a consequence, the links of causality that were proposed can be accepted.

This supports the conclusion that the behavioral model is valid, that it measured the concept it was intended to measure and that the measures relate to other measures consistent with the theoretically derived hypotheses proposed in Chapter 5. Therefore, it can be used to explain and predict willingness in the context for which it was designed.

In addition, the multiple regression analyses identified significant coefficients that represented the beliefs that were statistically relevant. Therefore, they can be taken into consideration in the development of eco-innovation policies. An in-depth analysis of this argumentation was presented in Chapters 6 and 7.

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<sup>84</sup> Psyx 521 – Multiple Linear Regression Using SPSS Part II - Copyright 2011, Daniel J. Denis, University of Montana.  
([http://psychweb.psy.umt.edu/denis/datadecision/front/stat\\_II\\_2011/psyx\\_521\\_multiple\\_regression\\_part\\_II.pdf](http://psychweb.psy.umt.edu/denis/datadecision/front/stat_II_2011/psyx_521_multiple_regression_part_II.pdf)).  
Accessed in June, 2012.

#### 4.7 Promoting a Deeper Understanding on this Thesis Research's Findings

This thesis research's behavioral model covered a broad spectrum of elements that are likely to be important determinants of companies' willingness, in the Brazilian petrochemical sector, to engage deliberately in GCE-based eco-innovation processes. Despite that array of relevant elements, the statistical analyses demonstrated that, in the context of this thesis research, a reduced number of those variables actually have that significance (cf. Chapters 6 and 7).

In order to obtain a deeper understanding of the implications of the results obtained from this thesis research's quantitative survey, further investigations were conducted using a complementary qualitative, in-depth, face-to-face, interview method. This approach was expected to produce the following outcomes:

- a) To overcome the problem of the relatively small sample-size through triangulation (cf. Hussein, 2009);
- b) To check on the consistency of the findings generated by both methods (convergence of results of both quantitative and qualitative methods);
- c) To elicit new and complementary insights in respect to managers' willingness to eco-innovate in GCE;
- d) To elicit information on companies' existing or planned initiatives that represent an indication that they have already moved from willingness to concrete GCE actions. In parallel, it was predicated by the thesis author that the existence of such initiatives can be interpreted as a further indication of the companies' leaders capacity to go beyond expressions of willingness to appropriate and relevant GCE corporate actions.

#### The chosen approach

The selected methodological approach for this phase of the research is commonly known, in the social sciences domain, as triangulation. It is generally agreed that triangulation is "the combination of methodologies in the study of the same phenomenon" (Jick, 1979: 602). Triangulation refers to the use of more than one approach for investigation of a research question in order to enhance confidence in the resultant findings. In the case of this thesis research, the triangulation method used was the classical type of combining qualitative and quantitative methods.

As the research initially applied a quantitative method, a qualitative method was used in a complementary fashion for:

- **Confirmation purposes:** in this case, the confirmatory insights were obtained *via* qualitative in-depth face-to-face interviews (open questions interviews) and
- **Completeness purposes:** the researcher used the triangulation approach to enlarge and deepen the understanding of the research findings. "The use of the complimentary approach was grounded on the extensive use of triangulation to increase the researchers' understanding of the phenomena under investigation by combining multiple methods and theories" (Hussein, 2009).

According to Patton (2001), this approach is called “Methods Triangulation”. “Methods Triangulation involves comparing and integrating data collected through some kind of qualitative methods with data collected through some kind of quantitative methods” (Patton, 2001: 556). Such an approach to employ mixed methods analysis provided potential compatibility in ways that are designed to help the researcher to discover the degree and nature of such compatibility. It also helped to provide a single, well-integrated picture of the situation (*ibid*).

By conducting in-depth interviews with a sub-set of leaders from the companies that participated in the thesis research’s quantitative survey, the interviewees had the opportunity to review and reflect upon the researcher’s findings from that survey. They also reflected upon the changes, actual or planned, that their companies have made or are committed to make to transform their operations to be more in agreement with the environmental and socio-economic requirements of the sustainability journey.

According to Patton (*ibid*: 560), “having those who were studied review the findings offers a second approach to analytical triangulation. Researchers and evaluators can learn a great deal about the accuracy, completeness, fairness and perceived validity of their data analyses by having the people described in the analysis react to what is described and concluded”.

This approach provided an opportunity for the participants in the study to relate to the findings and the analysis based upon the quantitative survey. Because this thesis researcher’s quantitative survey results revealed that, in the context of this study, the pressures and influences exerted by the chemical and petrochemical sector’s Trade Association and the State Environmental Agencies represented important determinants of companies’ willingness to engage in GCE-based eco-innovation processes, representatives of these two organizations were also included among those who were interviewed.

The results of the in-depth interviews as well as the interview guides were presented in Appendix F and were discussed in Section 7.4, of Chapter 7.

#### **4.8 Salient Limitations of the TPB Based Method**

The presentation of the salient limitations of the TPB based method used in this thesis research was thoroughly conducted by Montalvo Corral (2002). It is this thesis author’s belief that emphasizing such limitations, and placing them in the context of this thesis research, is of extreme relevance for the reader to be informed and acquainted of the limits of applicability of the method.

As noted in Section 3.3 of Chapter 3, the performance of a specific behavior by individuals is goal oriented, it is immediately preceded and it is a function of people’s intention to perform that behavior. Intentions, on the other hand, are assumed by the TPB framework to be associated with individuals’ motivations and cognition.

The first limitation of the method arose from the fact that since intention can change over time. This imposes limitations to the predictive capability of the method.

“The longer the time interval, the greater the likelihood of unforeseen events will produce changes in intentions. It follows that accuracy of prediction will usually be an inverse function of the time interval between measurement of intention and behavior” (Montalvo Corral, 2002: 122)

This thesis researcher’s time reference was based on the strategic plans of the Brazilian chemical industry for this decade (cf. Chapter 1). They require short-term engagement of the companies in expansion and modernization initiatives. Therefore, a time span of five years was adopted for this research, in such a slow changing paced sector, it is believed to be adequate for the use of the method.

As a second limitation, according to Montalvo Corral (*ibid*) is associated by the provision of inaccurate answers by the respondents to the survey. He pointed out that it can occur in situations in which the requirements or available resources have changed or when new and unfamiliar elements have entered into the situation.

One final limitation arose from a major objection in studies based on self-reports, which is related to cross-sectional design where all data are collected at one point at time (*ibid*). Although cross-sectional design is in harmony with the time dimension criteria established by the TPB for a behavior definition (cf. Chapter 3 and Section 4.2), “a longitudinal design would allow for more reliable conclusions about casual relationships, which are difficult to document in cross-sectional design, regardless of the measurement method used” (*ibid*: 122). Due to the time constraints associated with the finalization of this thesis research, longitudinal design can be applied as an extension of this study in the future.

## **5. The Development of a Behavioral Model and a System of Hypotheses of Willingness to Eco-Innovate**

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### **5.0 Introduction**

Chapter 3 provided this thesis with the main theoretical foundations required for the development of a framework for the investigation of the behavioral determinants related to the deliberate engagement of companies in eco-innovation activities. Specifically, for the context of this thesis, eco-innovation activities were considered to be those that are based on the principles dictated by Green Chemistry and Green Engineering (GCE) (cf. Chapter 2). Additionally, in Chapter 3 this thesis author postulated the chosen methodological approach and theoretical grounds required the development of a behavioral model through which they could be empirically tested (cf. Section 3.3 of Chapter 3).

As noted in Chapters 3 and 4, such a behavioral model was conceived and built as an organizing framework that was developed on the grounds proposed by Ajzen's (1991) "Theory of Planned Behavior" (TPB) and represented a modified version of Montalvo Corral's (2002) TPB-based structural descriptive behavioral model for predicting and explaining environmentally innovative behavior (eco-innovation).

The model aggregated elements of the behavioral realm, and those belonging to innovation in industrial sectors. It placed the firm at the center of the innovation system and introduced and merged, into Montalvo Corral's TPB based behavioral model, the theoretical principles underpinning the "Sectoral Systems of Innovation" (SSI) approach developed by Malerba (2002, 2004, 2005) (cf. Chapters 3 and 4).

The model helped to organize knowledge generated in diverse areas of innovation studies to explain and predict the conditions upon which innovative behaviors of organizations in specific contexts could occur (Montalvo, 2006). Additionally, in an effort to enhance the explanatory power of the TPB and to study the influences other than the social norms prescribed in the TPB on companies' willingness to engage in innovation activities, personal and additional social factors were included in the model's social construct (c f. Section 3.2.1. of Chapter 3)

Departing from the presentation of Montalvo Corral's model (Section 5.1), Chapter 5 highlighted the development of the TPB based structural descriptive model custom modified for the objectives of this research (Section 5.2). Section 5.3 presented the system of hypotheses, which was used to test and to empirically validate the theoretical approach and the behavioral model of this thesis. Section 5.4 presents the summary of this chapter.

### **5.1 The Starting Point: Montalvo Corral's Behavioral Model**

"Although analyzing the sources of innovation should be at the core of innovation economics, up till now there has been a somewhat strange neglect of the behavioral aspects related to the innovation process. This neglect is a shortcoming of conceptualizations as well as of empirical investigations of the innovation process" (Beckenbach and Daskalakis, 2008: 181)

In the field of eco-innovation, this gap was significantly closed, by Montalvo Corral's (2002) studies on the pre-dispositional factors influencing companies, in the "In-Bond Industry", which is located along the United States-Mexico border, to adopt cleaner technologies (eco-innovative behavior).

In his studies, the TPB (Ajzen and Madden, 1986; Ajzen, 1991) was instrumentally used as a definitional system and an organizing framework to test the determinants of firms' innovative behavior in cleaner technologies. Upon it, an empirical model, providing a test to the causal links and relations between agents' cognition and behavior, was developed. Such causal links and relations represented the base upon which behavioral intentions regarding specific behaviors could be explained and predicted. Montalvo Corral's model has been positively accepted and used in a number of researches in which the study of the determinants of eco-innovative behaviors were the main interest (e.g. POPA-CDTA 2005a, 2005b, 2006a, 2006b; Sartorius, 2008; When de Montalvo, 2003; Zhang *et al.*, 2011)

Although the TPB has been widely employed to predict and explain a variety of behaviors in many contexts, Montalvo Corral's (2002) study represented a major contribution regarding the application of the TPB to eco-innovative behavior at the same time that he introduced an empirical model for decision-making analysis regarding innovation and resistance to change.

### 5.1.1 Montalvo Corral's Modifications to Ajzen's Model

Montalvo Corral's model modification to the TPB's original form was concentrated on three aspects:

#### a) Estimation of the indices of attitude, perceived social norms and perceived behavioral control

In Montalvo Corral's model, the indexes of attitude ( $A$ ), perceived social norms ( $SN$ ) and perceived behavioral control ( $PBC$ ) were estimated as accumulated semantic loads<sup>85</sup>. "This was done by combining the wording and the differential semantic of a single item- the notion of outcomes and the evaluation of its likelihood of occurrence" (*ibid.*, 112). They include the cognitive and the evaluative components proposed by Ajzen. This was a modification to Ajzen's original proposition for the use of expectancy value models to create the scales of attitude ( $A = \sum b_i e_i$ ), perceived social norms ( $SN = \sum b_i m_i$ ) and perceived behavioral control ( $PBC = \sum c_i p_i$ ) (cf. Section 3.2.1 of Chapter 3).

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<sup>85</sup>The accumulated semantic load regarding a construct represents the overall meaning that is produced by the sum of the connotative meaning of the items that compose such construct. It captures in a single item the accumulated connotative load that the scale in a particular domain contains. For example, in this research, the accumulated semantic load of attitude is given by  $A = A(EVR, ECR)$ . EVR and ECR are expressed as  $EVR = EVR(\sum evr_b)$  and as  $ECR = ECR(\sum ecr_b)$ . The sum indicates that the connotative meaning of the items  $evr$  and  $ecr$  accumulate to shape the perception of environmental (EVR) and economic risks (ECR), which, in turn, form attitude.

This modification was introduced based on Ajzen's (1991) statements that "the application and the appropriateness of the expectancy value model, for example, multiplying an outcome by its perceived likelihood of occurrence, was subject of an unresolved debate" (*ibid*: 112). A second reason emerged from Shapira's (1994) argument on the insensitiveness of managers to estimate outcome probabilities as opposed to their ability to access detailed descriptions of particular events such as outcomes scenarios. Additionally, according to Montalvo Corral (*ibid*: 112) "using two separate items to access one belief, as proposed by Ajzen, would have doubled the number of items in the questionnaire, making its application impractical."

**b) Perceived Social Pressure – motivation to comply with important referents**

Ajzen's (1991) definition of the perceived behavioral control stated that the perceived social pressure is a function of the normative belief in question and the motivation to comply with important referent (cf. Section 3.2.1 of Chapter 3). In Montalvo Corral's model, this was modified in the sense that that the motivation to comply with important referent(s) was not generally included for each item suggested by Ajzen. Instead, it was included only in those domains of the perceived social pressure where it was considered appropriate.

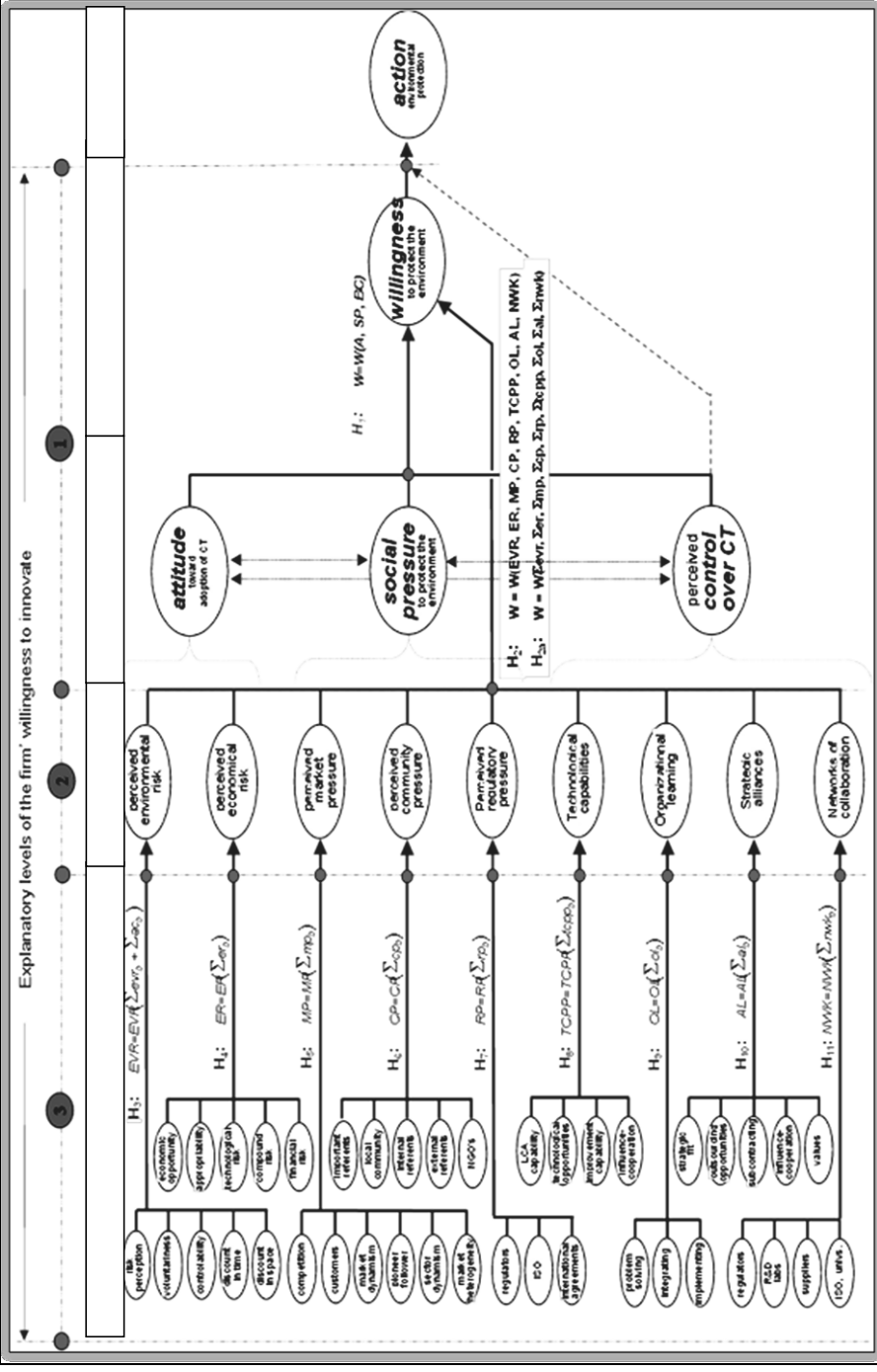
**c) Levels of explanation of intention and behavior**

With regard the levels of explanation of the behavioral intention and the behavior, Montalvo Corral's model introduced one additional level as compared with Ajzen's original proposition.

According to Montalvo Corral (2002), Ajzen's model did not include items assessing the overall perception of the behavioral domains that underlie studies of (*A*), (*SN*) and (*PCB*) in a single item. Grounded on the fact that "behavioral domains represent the specific areas of experience and knowledge from which the salient beliefs arise" (Ajzen, 2008: Ch. 1), he further explained that the justification underpinning this modification was that this inclusion had the objective of capturing, in a single item, the accumulated connotative load that the scale in a particular domain contains. In parallel, he noted that the inclusion of this extra level of explanation allowed for the integration of different theoretical bodies into a single model and built a coherent and robust set of causal links between beliefs and the behavioral intention.

Figure 5.1 depicts Montalvo Corral's descriptive structural TPB based model with the representation of its levels of explanation and hypotheses system.

Figure 5.1- Montalvo's empirical behavioral model for the engagement in environmental innovative behavior (eco-innovation) within corporate decision-making processes



Source: Montalvo (2002)



Finally, at the end of this section, it is important to highlight that the modifications introduced great flexibility to the use of the TPB in the sense that “it could be modified according to the needs of the study, instead of requiring the study to be molded according to the possible rigidities of the models” (Montalvo Corral, 2002: 112).

## **5.2 The Development of the Research’s Behavioral Model of Willingness to Eco-Innovate in Industrial Sectors**

As stated in the concluding lines of Section 5.1.1, Montalvo Corral’s model introduced more flexibility to the use of the TPB as a methodology for predicting and explaining specific behaviors in specific contexts. The fact that the methodology could be modified according to the needs of the study enlarged the spectrum of possibilities of the ways the behavioral studies could be performed using the TPB as an instrumental methodology.

Making use of the principles postulated by the TPB and drawing on Montalvo Corral’s model, an adapted model was constructed in order to fulfill this researcher’s objective, i.e. to predict and explain the engagement of companies, in the Brazilian petrochemical sector, in innovation activities that are based in the principles of GCE.

### **5.2.1 Adaptations to the Montalvo Corral Model**

In this research, adaptations to the Montalvo Corral’s model became necessary and were driven by the necessities dictated by the nature and objectives of the research as well as by the approach that was adopted. In this case, the necessity for merging the behavioral theory fundamentals of the TPB and the theoretical approach aimed at innovations in (industrial) sectors induced modifications in relation to both its contents and behavioral intentions constructs. As stated in Chapter 3, two main factors induced these changes:

- 1) The interest of this thesis author to amplify and expand the TPB explanatory power. This was conducted *via* the incorporation of personal and other social factors in addition to the social factors that were originally used in Montalvo Corral’s model’s social norm construct. These additional elements comprised (a) the social factors (roles and self-identity) obtained from Triandis’ “Theory of Interpersonal Behavior” (TIB) (Triandis, 1977; Jain and Triandis, 1997), and (b) the personal moral norm as predicated by Schwartz (1977).

The merger of Triandis’ TIB social factor construct, into the TPB’s model provided a good fit to the structure of this researcher’s model due to considerable similarity between both theories.

“Both claim to be general theories of social behavior. Both include expectancy-value and normative belief constructs, and both attempt to explain the intention to perform a specific behavior and the actual performance of that behavior. The main distinction between the models lies in the relative importance attributed to the level of consciousness in explaining and predicting a given social behavior. Whereas the TPB stated that social behavior is under the individual’s conscious control, the TIB proposed that the level of consciousness decreases as the level of habit in performing the behavior increases.” (Bamberg and Schmidt, 2003: 268)

Another important characteristic of the TIB’s social construct is the fact that it shares the TPB’s normative beliefs. In addition, it includes role beliefs about the appropriateness of the behavior for one’s perceived professional role, the interpersonal agreements, and self-definitions (*ibid*).

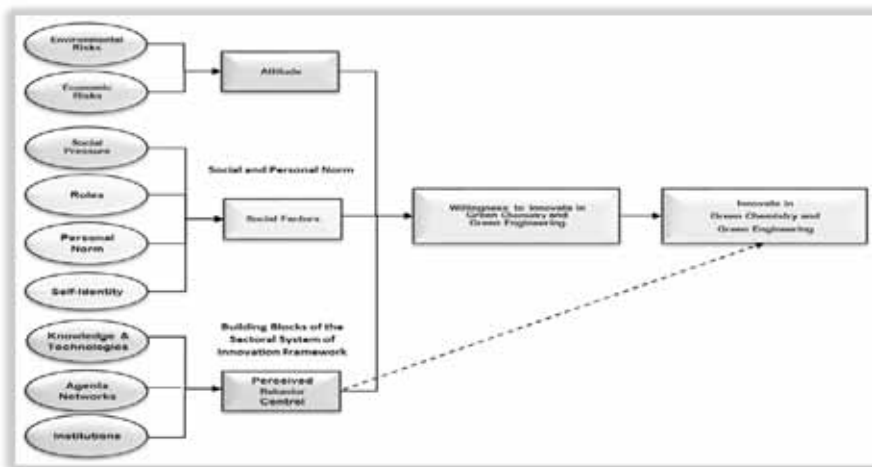
- 2) Because this thesis research was focused upon innovation in a specific industrial sector, the theoretical framework postulated by the concept of “Sectoral Systems of Innovation (SSI)”, proposed by Malerba (2004, 2005), was considered to be appropriate (cf. Chapter 3). The SSI postulated that innovations in sectors emerge as a result of dynamic processes and are supported by three building blocks (cf. Section 3.1.2):
  - Knowledge, and technological domains;
  - Actors, interactions and networks and
  - Institutions

As shown in

Figure 5.3 and in more detail in Section 5.2.2, in this thesis research, these building blocks constituted the behavioral domains associated with the TPB’s perceived behavior control construct. Based on the TPB, it is proposed that the stronger the organization’s managers and key decision-makers judge that their companies have access to the opportunities and possess the requisite resources associated with these building blocks, the more strongly they will be inclined to engage in GCE-based eco-innovation activities. The stronger the perception of behavioral control, the more the behavior is under volitional control (Ajzen, 1991; Ajzen and Maden, 1986; Montalvo Corral, 2002).

These adaptations were limited to the model's contents since the structure, fundamentals and methodological aspects of Montalvo's original model remained intact (cf. Chapter 3). Figure 5.3 depicts a schematic illustration of this thesis' operational model for explaining and predicting the engagement in eco-innovation activities based upon the principles predicated by GCE using the TPB and the SSI framework.

*Figure 5.2- The adapted empirical, behavioral model based on the Theory of Planned Behavior and the "Sectoral System of Innovation" framework for predicting and explaining companies' engagement in eco-innovation activities in green chemistry*

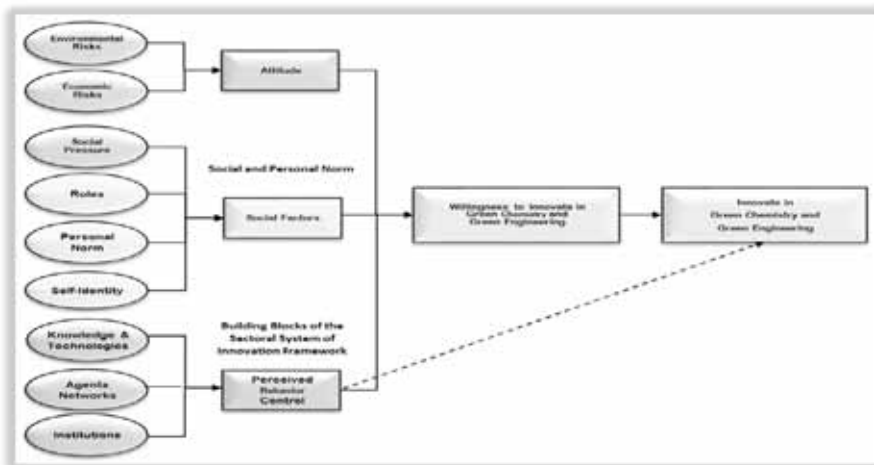


Note: The elements presented in darker color are the original elements in Montalvo Corral's model. The ones depicted in lighter print represent the modifications that were introduced by this thesis author.

Source: Author

These adaptations corroborated the argumentation in Section 5.1 about the flexibility of Montalvo Corral's model to be modified according to the needs of this research.

Figure 5.2- The adapted empirical, behavioral model based on the Theory of Planned Behavior and the “Sectoral System of Innovation” framework for predicting and explaining companies’ engagement in eco-innovation activities in green chemistry



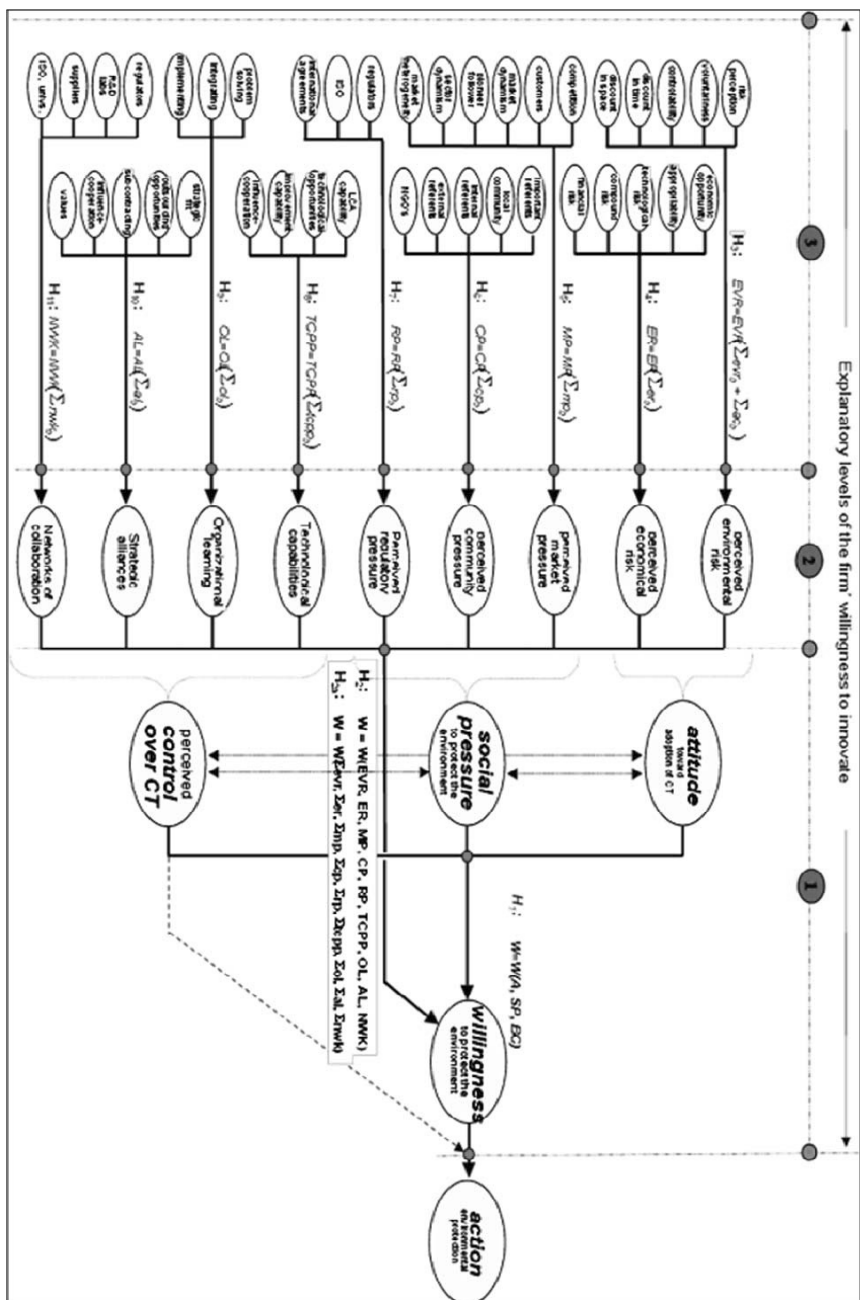
Note: The elements presented in darker color are the original elements in Montalvo Corral’s model. The ones depicted in lighter print represent the modifications that were introduced by this thesis author.

Source: Author

It is important to note the following points regarding the model presented in Figure 5.3.

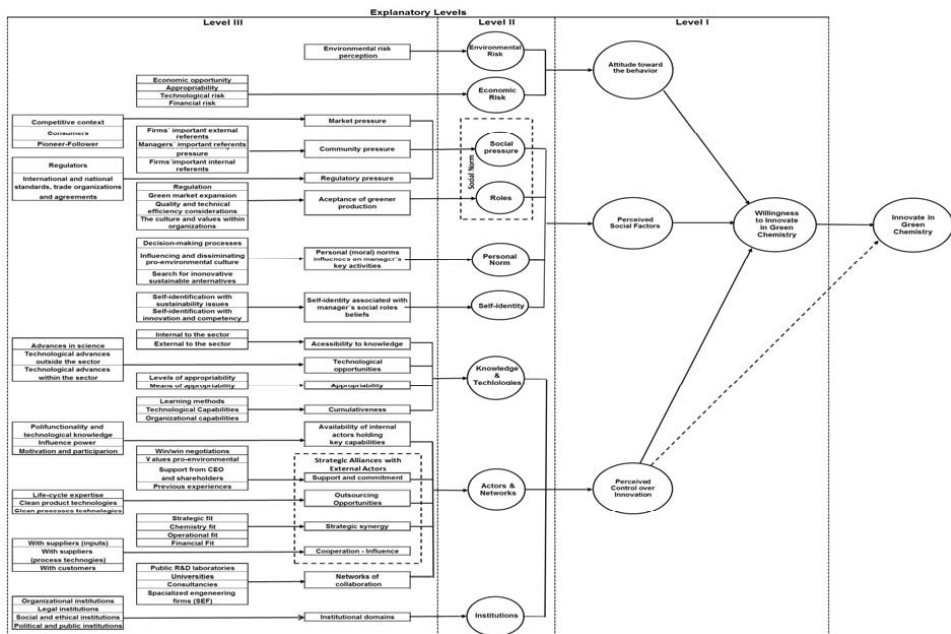
- a) The issues involving the behavioral domains: Environmental Risks, Economic Risks and Social Pressures and Agents and Networks and their associated beliefs represent a direct application of Montalvo Corral’s (2002;
- b) The remaining behavioral domains and beliefs were developed by this thesis author by taking into consideration a number of different theoretical elements associated with the behavioral domains under study.

Figure 5.1 (see page 136)



It is important to highlight that the model represented in Figure 5.3 is a partial representation of the full model. This representation reached as far as the second level of explanation (behavioral domains). The third level of explanation (i.e. beliefs) required a more elaborate and labor-intensive approach as it captured a variety of beliefs related to specific behavioral domains that stem from various theoretical fields. The full model is explained in Section 5.2.2 and its schematic representation is presented in Figure 5.9. The full development of the model represents the basis for the construction of the quantitative questionnaire used in the empirical research.

figure 5.8 (see full scale on page 202)



## 5.2.2 The Development of the Full Research's Operational Behavioral Model

Section 5.2.2 builds on the previous sections and objectives the full development of this thesis' empirical model. With regard to the structural aspects, the development of the model maintained Montalvo Corral's model TPB structure and hierarchical and causal relationships between the three levels of explanation: i.e. intentions (willingness), behavioral domains and beliefs (cf. Figure 5.8 and Figure 5.9).

This section sequentially explores the behavioral domains associated with the model's behavioral intention constructs and additionally, based upon consultation of the relevant literature, a criterion is chosen for the selection of the beliefs connected to each behavior domain. This reinforced the meta-theoretical character of the TPB models. The beliefs are then listed for inclusion in the questionnaire.

### The Attitude Construct as a Determinant of Eco-Innovation in Green Chemistry and Green Engineering

Before proceeding with the development of the theoretical constituents of the attitude construct it is important to highlight that this research utilizes the "attitude" component and its associated beliefs in the same way proposed by Montalvo Corral (2002). They were, however, applied to a different behavioral, context, target and time. Due to the nature of this research, this required modifications to the wording of the questionnaire

Attitude was defined in Section 3.2.1 as a function of the perceived consequences (outcomes) of performing the behavior and the person's evaluation of those consequences. The willingness to perform, or not perform, a specific behavior is dependent on a favorable or unfavorable evaluation a firm's manager has about the expected outcomes.

In this thesis research, managers' and important decision-makers' attitude towards their companies' engagement in GCE-based eco-innovation processes was interpreted as a function of their subjective evaluation of the expected outcome associated with such engagement.

According to Montalvo Corral (2002: 55), in the eco-innovation realm "the main concept behind this evaluation is risk". The perception of risk is assumed to stem from two domains":

- The **possible environmental impacts** (perceived environmental risk) generated by the firm's operation and the perceived environmental relevance of the environmental improvement introduced by the development of cleaner and more sustainable products, processes, raw materials and energy sources, and
- The **possible economic consequences** in terms of perceived possible capital losses or gains (business opportunities) arising from firm's GCE-based innovative activities, be they incremental or radical, under risk or uncertainty.

figure 5.7 (see full scale on page 196)

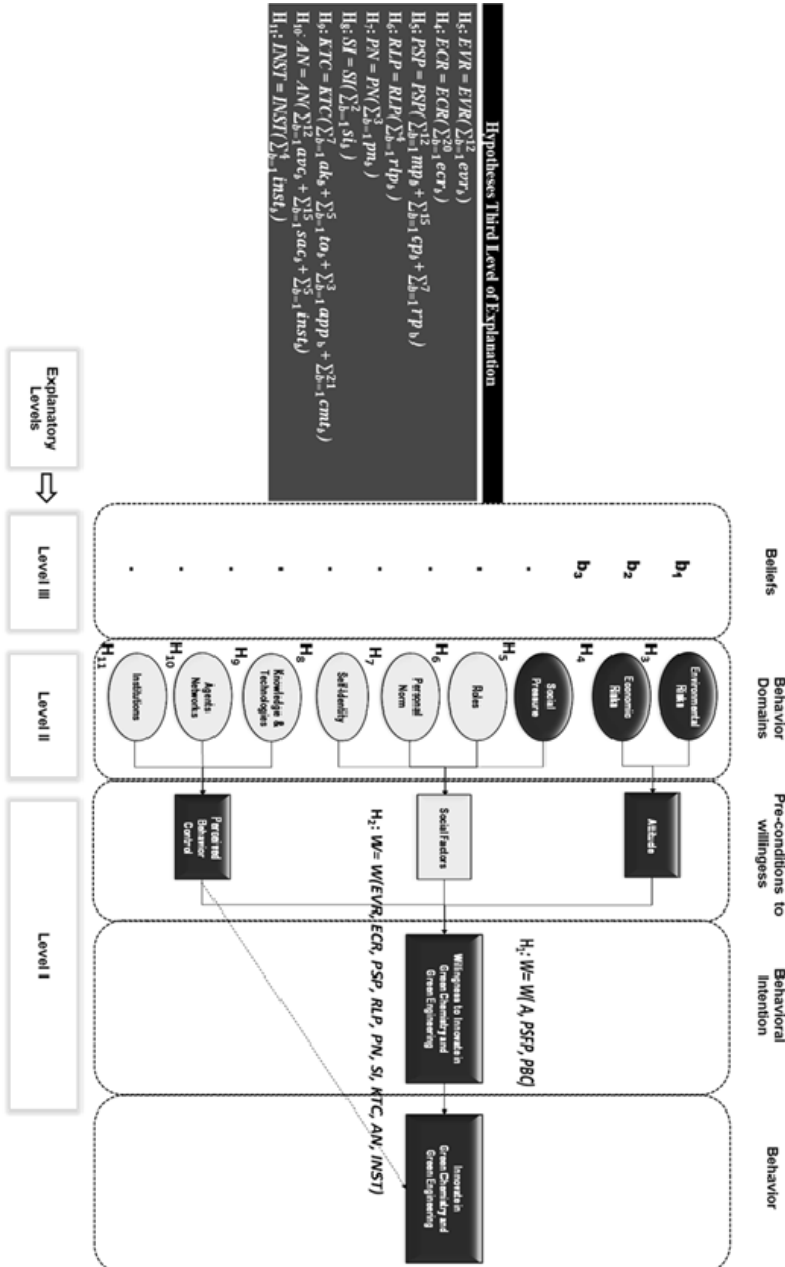
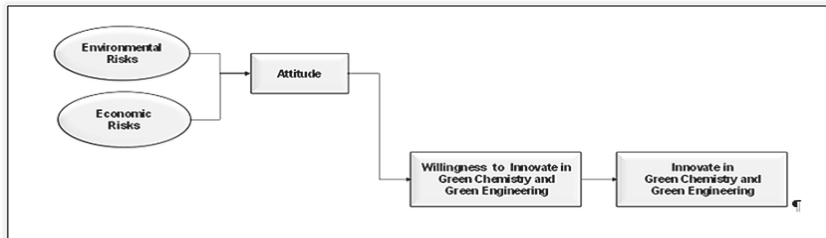




Figure 5.3 depicts the model structure related to the attitude construct.

Figure 5.3- Attitude behavioral domains that predict and explain firm's willingness to innovate in Green Chemistry and Green Engineering



Source: adapted from Montalvo Corral (2002)

The model's structure and its relationships guided the author in the development of the questionnaire for the attitude construct. Table 5.1- presents a sample of an item of the research questionnaire for the direct measurement of attitude.

Table 5.1- The statement used, in the questionnaire as a direct measure pertaining to the attitude towards innovation in Green Chemistry and Green Engineering. (The complete questionnaire is in Appendix E)

The engagement of our company in eco-innovation activities, related to our products and processes, that are based on the principles predicated by the Green Chemistry and the Green Engineering will produce, relative to the local, regional and global environment:						
-3	-2	-1	0	1	2	3
very bad consequences	significant	slight	uncertain	slight	significant	very good consequences

### Attitude Behavioral Domain 1: Environmental Risk

According to Montalvo Corral (2002), the main premise supporting the environmental risk domain is that managers who perceive an environmental risk, produced by his/her firm's operations, that is beyond its subjective and objective acceptance level, will be more likely to engage in eco-innovative behaviors.

For this reason, the objective of this section was to develop a better understanding of manager's perceptions of the risky or safe character of operations of their firms. This included their perceptions respective to the hazards that their firms may produce for themselves, the surrounding communities and the broader environment and of what they take into account in accepting or avoiding the generation of environmental risks.

Montalvo Corral's (2002) approach to address risk perception was based on the "psychometric approach" originated from the cognitive psychology. This approach is focused on the attributes of risk in order to infer its acceptability. Its main propositions are: (1) perceived risk

is determined by a variety of quantitative and qualitative risk attributes, (2) risk perception is quantifiable and predictable and (3) risk means different things to different people in different situations. The choice of this approach resides on its coherence with the TPB method as it “focuses on individuals and functions by assessing expressed preferences via responses to self-reporting questionnaires” Montalvo Corral (2002: 63).

### **Environmental Risk Perception**

For the purposes of this research, the environmental risk perception concept is expressed by “how and why individuals perceive technologies and activities as (environmentally) risky or safe and, as a consequence of such perception, accept or reject that risk” (Montalvo Corral, 2002: 63).

According to Slovic *et al.* (1984:187), in relation to risk assessment, some generalizations can be made:

- (1) “Perceived risk is quantifiable and predictable. Psychometric techniques seem well suited for identifying similarities and differences among groups with regard to risk perceptions and attitudes;
- (2) Risk means different things to different people. When experts judge risk, their responses correlate highly with technical estimates of annual fatalities. Laypeople can assess annual fatalities if they are asked to (and produce estimates somewhat like the technical estimates). However, their judgments of risk are sensitive to other factors as well (e.g., catastrophic potential, threat to future generations) and, as a result, may differ from their own (or experts’) estimates of annual fatalities;
- (3) Even when groups disagree about the overall riskiness of specific hazards, they show remarkable agreement when rating those hazards on characteristics of risk such as knowledge, controllability, dread, catastrophic potential, etc.”

In this respect, Montalvo Corral (2002) based on the work by Slovic *et al.* (1984), stated that one’s sense of safeness related to any activity or technology emerges when the possible hazards associated with it are: (1) meant to be controllable, (2) not dreaded, (3) not catastrophic, (4) the benefits and social costs are equally distributed, (5) of low risk for future generations, (6) voluntarily exposed, (7) do not affect the observer, (8) observable, (9) known to those exposed, (10) of delayed effect, (11) old and familiar and (12) known to science.

Table 5.2 depicts the scales to assess the environmental risk perception.

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*Table 5.2- Behavioral beliefs and the questionnaire item used to assess organization leader’s perceptions related to the environmental risks associated with their companies’ activities*

Question: The environmental hazards generated by the operations of our company for this region are likely to be:

evr1	Controllable	1 2 3 4 5 6 7	Uncontrollable
evr2	Do not have global impacts	1 2 3 4 5 6 7	have global impacts
evr3	Consequences not fatal	1 2 3 4 5 6 7	Fatal consequences
evr4	Evenly distributed	1 2 3 4 5 6 7	Unevenly distributed
evr5	Low risk to future generations	1 2 3 4 5 6 7	High risk to future generations
evr6	Voluntary for those exposed	1 2 3 4 5 6 7	Involuntary for those exposed
evr7	Does not affect me	1 2 3 4 5 6 7	Affects me
evr8	Not observable	1 2 3 4 5 6 7	Observable
evr9	Known for those exposed	1 2 3 4 5 6 7	Unknown for those exposed
evr10	Delayed effects	1 2 3 4 5 6 7	Immediate effects
evr11	Old risks	1 2 3 4 5 6 7	New risks
evr12	Risks known to science	1 2 3 4 5 6 7	Risks unknown to science

Source: Montalvo Corral (2002)

## Attitude Behavioral Domain 2: Economic Risk and Business Opportunities

According to Montalvo Corral (2002), the nature of the manager's behavioral beliefs<sup>86</sup> regarding the economic risks associated with the processes of innovation gravitates around two central elements: uncertainty and risk.

Such argumentation was grounded on the very nature of innovation processes of exploring previously non-exploited opportunities in many areas of human activities such as the ones in the technological and economic domains.

According to Brown and Damery (2009), as it focused on the negative impact of being exposed to harm, the concept of risk is usually associated with loss. "It extended the concept of uncertainty to decision-making where the potential for loss is known (...) but the precise nature of loss, whether it will occur, or even how probable it is, is unclear" (...) risk implies uncertainty about costs and benefits of a decision (*ibid*: 83).

"Discussions about uncertainty and risk are complicated by the varying ways these concepts are defined and applied, both within and between disciplines" (*ibid*: 82). Based on the risk literature, Montalvo Corral (2002) posited that uncertainty is regarded as situations and events in which each action generates a set of consequences whose outcomes are unknown. On the other hand, risk refers to the possibility of gains as well as the threat of losses in situations in which each action leads to a few known outcomes associated with specific probabilities of occurrence.

"(...) uncertainty leads to hazard, and hazards have a probability of occurrence". (Montalvo Corral, 2002, 70)

These definitions provided a good fit for innovation studies (*ibid*) and corroborated Dosi's (1988b) argument that uncertainty in innovative activities emerges from the lack of knowledge on the solution for techno-economic problems and on the impossibility to foresee the consequences of actions.

<sup>86</sup> Behavioral beliefs are the beliefs that are assumed to influence attitudes towards the behavior. (Montalvo Corral, 2002)

In order to define and operate the concept of economic risk within the context of eco-innovative activities and to provide a framework that enables the identification of the sources of uncertainty and risk, in the organizational set, Montalvo Corral (2002) highlighted four main areas of possible gains and losses from which eco-innovative technologies may arise:

- 1) **Economic and business opportunities:** in the literature of innovation, business and economic opportunities are regarded as the primary factor driving technological innovation in clean products and manufacturing processes (*ibid*). Eight behavioral beliefs emerged as highly contributing to the perception of economic and business opportunities (cf. Table 5.3). In this domain, three were related to the firm/consumers relations that influence the conquest of new market niches as a response to consumers' environmental expectations. Four additional beliefs were related to the opportunities generated by the notion of the timing of market entry and the benefits and novelty effects originated from it. Finally, one was related to the economic risk imposed by future new and more restrictive environmental regulation;
- 2) **Appropriability:** appropriability is acknowledged as the benefits of R&D and/or the investment in innovative new technologies, which is secured by various mechanisms such as patents, licensing and transfer of technology. In this respect, the perceived economic risks associated with appropriability were considered to be associated with companies' loss of control over their own knowledge and technology due to outsourcing processes via alliances or subcontracting;
- 3) **Technological risk:** "technological Risk refers to the uncertainty of discovery regarding the feasibility of the concept of clean technologies as perceived by managers" (*ibid*: 73). In the context of this research, it is perceived to be the amount of R&D required, its costs, the time required to develop new technologies (both developed by the company itself or through alliances), the availability and opportunity of economic resources and the compound uncertainty that is associated with new products and processes, and
- 4) **Financial risk:** "financial risk refers mainly to what is perceived by managers as downside risk as it connotes mainly with the possible losses of profits and capital" (*ibid*: 74). Three behavioral beliefs emerged in this domain. The first concerned the timing of resources availability followed by the possibility of the loss of sums of capital investment on R&D and the reduction of competitiveness due to the increase in fixed costs.

Table 5.3 lists the beliefs, referred to in the foregoing paragraphs that may be held by managers in the industrial organization in relation to the economic risks associated with innovating in GCE.

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*Table 5.3- Behavioral beliefs used to assess organization's leaders' perceptions related to the economic risks associated with innovating in Green Chemistry and Green Engineering*

Economic Opportunity	Market niche opportunity loss	Technological Risk	R&D requirements
	Regulatory risk		R&D costs
Appropriability	Distribution and novelty effects	Financial Risk	Economic resources availability
	Entry timing		Project life time
	Pioneer vs. Follower		Uncertainty of achievement and discovery
	Customers' expectancies (predisposition to pay)		Compound risk
	Growth opportunities		
	Market uncertainty		
	Appropriability conditions		
	Subcontracting risks		Management uncertainty
	Alliance risk (loss of technological control)		Resources uncertainty
			Capital risks

Source: Montalvo Corral (2002)

Table 5.4 contains a statement of the questionnaire related to economic risk perception.

*Table 5.4- The statement used in the questionnaire pertaining to the perceived economic risk. (The complete questionnaire is in Appendix E)*

The predisposition of our clients to pay higher prices for products that are environmentally more sustainable is:						
-3	-2	-1	0	1	2	3
very high	quite	slightly	uncertain	slightly	quite	very low

### **The Social and Personal Factors Construct as a Determinant of Innovation in Green Chemistry and Green Engineering**

The theoretical foundations underpinning the TPB (Ajzen and Madden, 1986 and Ajzen 1991), as well as its predecessor the “Theory of Reasoned Action” (Fishbein and Ajzen, 1975) postulated that the social environment exerts strong influence on one’s intention to perform a given behavior (cf. Section 3.2.1). Consistent with it, the TPB proposed the use of a social construct as one of the main determinants of behavioral intention that established a causal link between the social normative beliefs and the intention to perform a given behavior in specific contexts (cf. Figure 3.2). As noted in Section 3.2.1, social norm, in the TPB domain refers to:

“(…) the person’s perception that most people who are important to him think he should or should not perform the behavior in question. According to the theory, the general subjective norm is determined by the perceived expectations of specific referent individuals or groups and by the person’s motivation to comply with those expectations” (Fishbein and Ajzen, 1975: 302).

On the other hand, the TPB has been criticized for not including other social dimensions and extensions to the model. Consequently, other theoretical behavioral predictors have been proposed under the “increasing empirical evidence that the TPB is not a sufficient model for explaining all kinds of social behaviors” (Bamberg and Schmidt, 2003: 269). Ajzen made it clear that the TPB is not a closed system and that there is room for improvements and for the introduction of further constructs:

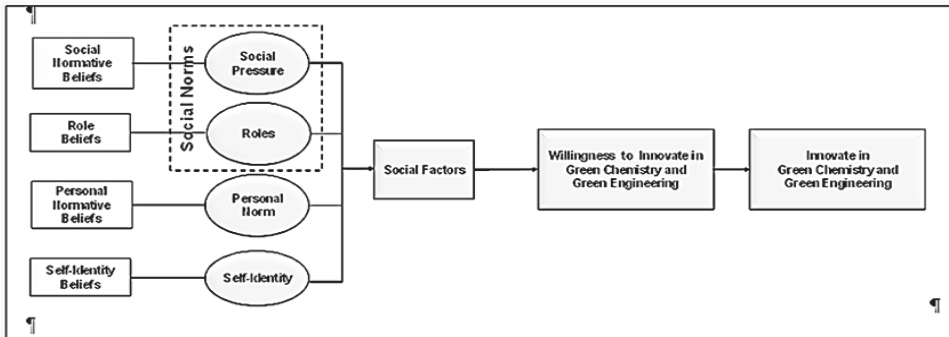
“Perhaps of greater importance is the possibility of making further distinctions among additional kinds of beliefs and related dispositions. The theory of planned behavior is, in principle, open to the inclusion of additional predictors if it can be shown that they capture a significant proportion of the variance in intention or behavior after the theory’s current variables have been taken into account. The theory of planned behavior in fact expanded the original theory of reasoned action by adding the concept of perceived behavioral control.” (Ajzen, 1991: 199)

Despite the emphasis placed by the TPB on the influence of the social norm as a determinant of behavioral intention, other influences are also claimed to be determinants of behavioral intentions in diverse contexts (Ajzen, 1991; Armitage and Conner, 1999; Bamberg and Schmidt, 2003; Conner and Armitage, 1998; Guagnon *et al.*, 2003; Jain and Triandis, 1997; Kaiser *et al.*, 2005; Manstead and Parker 1995; Triandis, 1977; White *et al.*, 2008).

These theoretical arguments on the sufficiency of TPB coincide with the interests of this researcher with regard to the extent of the influence of social and personal normative factors on the willingness of companies’ leaders to engage in GCE-based eco-innovation processes. In this regard, as noted in Section 5.2.1, Montalvo Corral model’s social pressure construct was extended to incorporate personal moral and additional social factors.

Figure 5.4 represents the structure of the expanded social construct of this research’s operational model following the introduction of additional social and personal normative and identity beliefs.

Figure 5.4- Social factors behavioral domains to predict and explain firm’s willingness to innovate in Green Chemistry and Green Engineering



Source: author

Table 5.5. contains a question of the questionnaire regarding a direct measure to assess managers’ perceptions of the social and personal pressures associated with innovating in GCE.

Table 5.5- The question in the questionnaire used as a direct measure of the perceived pressures arisen from the social factors domain. (The complete questionnaire is included as Appendix E)

In your perception, the degree to which social factors such as market, community, regulatory organizations; the social and professional responsibilities; together with moral obligations, in relation to the environment, can positively influence the decision-making process related to the engagement of your company in eco-innovation activities that are based on Green Chemistry and Green Engineering is:

-3	-2	-1	0	1	2	3
very low	quite	slightly	uncertain	slightly	quite	very high

### Social Factors Behavior Domain 1: Perceived Social Norm (Social Pressure)

Drawing on the foregoing paragraphs, on Section 3.2.1 and following Triandis (1977) and Gagnon *et al.* (2003), in this thesis research the perceived social norms were interpreted as being composed by: (a) social normative beliefs and (b) role beliefs (cf. Figure 5.4).

Roughly, "norms" can be understood as social attitudes of approval and disapproval, specifying what ought to be done and what ought not to be done (Sunstein, 1996). There are social norms about nearly every aspect of human behavior. Individuals in societies are submitted to social judgment and behaviors that are inconsistent with contextual social norms may be submitted to public disapproval. Consequently, they may experience intense unpleasant feelings and substantial social consequences. (*ibid*).

According to Sunstein (*ibid*), social roles and social meaning are, in general, products of social norms. Social norms also affect personal choices and thus personal behaviors. He further stated that the relevance of a given social norm on personal choice is dependent on five factors:

- 1) "The intensity of the norm (exactly how much opprobrium attaches to a violation?);
- 2) The nature of the norm (what kind of attitude is signaled by a violation? what kind of attitude is provoked by violators?);
- 3) The agent's attitude toward the norm and the opprobrium occasioned by its violation (does the agent like to be seen as a defiant person? how does the agent react to social opprobrium?);
- 4) The possibility of social approval or forgiveness among relevant subgroups (will the agent's peer group support the norm-defying act?), and
- 5) The nature and weight of the other ingredients in choice, including competing norms, intrinsic value, and effects on self-conception (what must a norm-complier sacrifice?)" (*ibid*: 940).

In the context of this research, social normative beliefs (social norm) refers to the social pressure perceived by managers and key decision-makers regarding their pro-environmental behavior. More specifically, it regards their perceptions of the pressures from their important referents relative to the implementation environmentally sustainable products, process technologies such as those that are based on GCE.

According to Montalvo Corral (2002) the sources of social influence span a variety of agents and institutions such as competitors, customers, legal requirements, employees, shareholders, general public, NGOs, to cite a few. In the context of eco-innovation in the industrial sector,

he proposed that the possible sources of social pressure can be classified in three groups: (1) the market, (2) the communities directly related to the firm and (3) the regulatory regime. The social influences of these groups on the manager's willingness to perform eco-innovation behaviors are discussed in the following paragraphs.

### **Perceived Market Pressures**

“A market is a group of buyers and sellers of a particular product or service. The buyers, as a group, determine the demand of a product, and the sellers, as a group, determine the supply of the product” (Mankiw, 2008: 66)

In a reinterpretation of the concept of market, it can be argued that, in the economic domain, groups of individuals in the pursuit of selling, buying or exchanging any type of goods, services and information promote social interactions within which they exert influences in terms of supply and demand. Presently, in the environmental sustainability domain, as a consequence of significant improvement of societal environmental awareness in industrial societies, there are ongoing societal demands (pressures) for a cleaner and more (environmentally) sustainable world. Among these sustainability-demanding pressures, the ones that are originated in the market may affect companies' business relations and interests, which are of upmost importance for their corporate sustainability (social, environmental and economic).

These pressures represent market demands towards a cleaner and safer environment. They are generated by the underlying social norms concerning the environment that mediate the relations between industry and market.

“Market operates under well-institutionalized rules that have matured as a result of a social development process (...) In these instances it can be said that market operation is guided by, and within the limits of the dominant social norms.” (Montalvo Corral 2002: 76)

This section follows Montalvo Corral (2002) in the sense that it aims at assessing the perceived social pressure arising from the market. It intends to gauge market pressures related to the adoption (development or acquisition) by companies of eco-innovative products, processes and services such as those that are based on GCE.

In order to accomplish this objective and being faithful to and following the concept of normative beliefs, which underlie the perceived social pressures (subjective norm) to perform or not to perform a specific behavior, the primary motivation of this section was to identify the important market referents. The importance of these referents reside in their power to dictate objective and subjective social norms that can influence and induce companies to adopt and/or invest in the development of new GCE-based technological solutions that could fulfill the market's needs.

In this thesis research, the motivational factors to engage in technological GCE-based eco-innovations activities could arise from market demands for new cleaner technologies that could be seen, by the firms, as a competitive advantage.



Montalvo Corral (*ibid*) argued that the market pressures exerted on the firm to develop cleaner technologies arise mainly from their competitors and from their customer's expectations regarding specific environmental qualities of products. By further investigating the origins of normative pressures from the market on manager's perceptions, he found evidence that if the competitive context motivates a company to behave as a pioneer or a follower in the technological development domain, then the competitive context is expected to be a referent that dictates social norms.

Montalvo Corral (*ibid*) proposed that the possible sources of perceived social pressure that might arise from the market can be classified in three groups: (1) The competitive context, (2) The customers' demands, and (3) the perception of the need to be a pioneer or a follower.

These three groups are explained as follows:

- 1) **The competitive context:** the first aspect concerning the competitive context was the way managers perceive market leaders and important competitors as adopters of clean technologies. In this regard, the actions of competitors' environmental (and economic) behavior serve as a motivational driver for them to follow these referents. Market pressures can become stronger if managers perceive that cleaner and innovative technological solutions represent a universal trend in the sector.

The other aspects are related to the three dimensions of firms' competitive context<sup>87</sup> (i.e. dynamism, hostility and heterogeneity):

- The sector dynamism-related aspects refer to the extent to which the rate of change in the industry's technological conditions could induce companies to perceive the incorporation of cleaner technological options as a viable way to pose barriers to competitors' entries;
  - The market hostility-related aspects regard the context of business climate with intense competition and limited market opportunities that may generate the need for the adoption of cleaner technologies, and
  - The heterogeneity of markets, serves as a source of market pressure in the sense that companies may need to introduce innovative cleaner products to match the diversity of customer needs;
- 2) **The customers' demands:** the market pressures originated at the customers' level stem from how firms perceive current and future customer demands regarding the development of cleaner products and processes;
  - 3) **The need to be a pioneer or a follower:** being a pioneer or a follower relates to the competitive context in which a firm operates (Montalvo Corral, 2002). Companies are more likely to be pioneers in competitive contexts that are highly dynamic (i.e., highly

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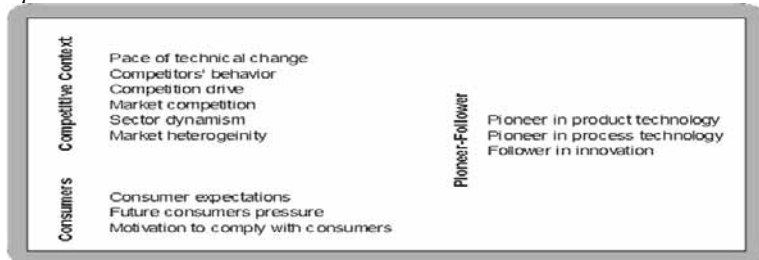
<sup>87</sup> According to Montalvo Corral (2002: 77), the three dimensions of the firms' competitive contexts are as follows:

- a) "Dynamism: refers to the unpredictability of consumers preferences, competitors' behaviors, and the rate of technical change and growth opportunities in a specific industry (sector);
- b) Hostility: refers to an intense competition accompanied with unfavorable business climate due to market saturation or recessionary conditions;
- c) Heterogeneity: indicates the diversity and complexity of market segmentation in which the firm operates."

unpredictable consumers preferences and competitors behavior and high rate of technical change and growth opportunities), moderately hostile (i.e., moderate competition followed by moderately unfavorable business climate due to market saturation) and moderately heterogeneous (i.e., moderate diversity and complexity of market segmentation). The market pressures originated from the pioneer or follower characteristic of companies are related to firm's perception of its competitive context, its history and its experience as a pioneer or a follower of new products and production technologies.

Table 5.6 lists the beliefs, referred to in the foregoing paragraphs that may be held by managers in the industrial organization in relation to market pressures towards companies' adoption of GCE-based cleaner products and production processes.

*Table 5.6- Social normative beliefs used to assess organizations leaders' perceptions regarding the market pressures associated with the adoption of cleaner products and production processes*



Source: Montalvo Corral (2002)

Table 5.7 contains a statement of the questionnaire to assess managers' perceptions of the market pressures associated with the adoption of GCE-based cleaner products and processes.

*Table 5.7- The statement used in the questionnaire pertaining to the perceived market pressures. (The complete questionnaire is in Appendix E)*

The pace of technological innovation in the petrochemical sector will soon induce our company to adopt or develop more sustainable Green Chemistry and Green Engineering based technologies for our products and processes.						
-3	-2	-1	0	1	2	3
very unlikely	quite unlikely	slightly unlikely	uncertain	slightly likely	quite likely	very likely

## Community Pressure

Industries are acknowledged as one of the important actors within the vast and heterogeneous socio-economic aspects of society. They exert influence upon and are submitted to influences and pressures from a number of social and economic agents regarding an immense variety of private and collective interests.

In the environmental realm, the idea of community pressure, concerning environmental protection in the industrial set, may be conceived and synthesized by the concept of “social license” under which companies should perform their activities. That is; companies are constrained to meet the expectations of society and to avoid activities that societies (or influential elements within them) deem unacceptable” (Gunningham *et al.*, 2002).

Social pressures are as heterogeneous as the types of social and economic agents that exert them. Sometimes, they demand measures, on the part of the companies, that go beyond what is imposed by regulation even in circumstances where they are unlikely to be profitable (*ibid*).

Although the need for harmonizing industry’s private interests with those belonging to the broad societal environmental spectrum is acknowledged by organizations, it is perceived that this dispute generates tensions and that their accommodation is dependent on contextual factors. These factors influence managers’ perceptions on what the favorable or demanding conditions are for companies’ engagement in technological eco-innovation activities.

Generally, perceptions on the need for corporate social responsibility that includes firms’ pro-environmental behavior is often triggered “when the local community becomes proactive and attempts to protect the physical and social landscape” (Montalvo Corral, 2002: 79).

Guided by these perspectives, this section was designed to highlight the beliefs that may contribute to the manager’s perceptions of community pressures towards cleaner and more sustainable products, processes and services.

Montalvo Corral (*ibid*), proposed that the sources of community influences related to the environmental social responsibility originate from four domains:

- 1) **The manager’s personal important referents-** refers to the managers social obligations related to the community within which the company is inserted in and also to the social norm he is submitted to by his personal important referents (relatives, friends, his family, etc.);
- 2) **The firm’s important external referents-** this domain refers to those important referents from segments belonging to domains outside the firm’s realm who are considered important for the success of the company. This class of referents includes environmental experts from, *inter alia*, universities, research institutes and environmental consultants. Additionally, it is important to highlight manager’s motivation to comply with these experts as a basic factor for the success of these referents pressures;
- 3) **The firm’s important internal referents-** refers to how managers value the suggestions and the point of view of their staff with regard to the environment and to the implementation of GCE-based more sustainable technologies and organizational practices, and
- 4) **The perceived community pressures-** it refers to how managers perceive community pressures in terms of the environmental expectations, self-organization and lobbying capacity. It also refers to the extent to which local NGOs exert pressures on companies for the use of cleaner technologies. Finally, the manager’s motivation to comply with the community pressures is the measure of success of these pressures;

Table 5.8 lists the beliefs, referred to in the foregoing paragraphs that may be held by managers in the industrial organization in relation to community pressures towards companies' adoption of cleaner products and production processes

*Table 5.8- Social normative beliefs used to assess organizations leaders' perceptions related to the community pressures associated with the adoption of GCE-based cleaner products and production processes*

Firm's important external referents	<ul style="list-style-type: none"> <li>Outsiders social norms</li> <li>Outsiders pressure capabilities</li> <li>Environmental experts norm agreement</li> <li>Perceived pressure from experts</li> <li>Motivation to comply with experts</li> </ul>	Perceived community pressure	<ul style="list-style-type: none"> <li>Compliance with community demands</li> <li>Community lobbying current capacity</li> <li>Community lobbying future capacity</li> <li>NGO's pressure</li> <li>Motivation to comply with community pressure</li> </ul>
Manager's personal important referents	<ul style="list-style-type: none"> <li>Manager's conciousness</li> <li>Managers close personal relationships</li> </ul>	Firm's important internal referents	<ul style="list-style-type: none"> <li>Important staff</li> <li>Staff capabability pressure</li> <li>Motivation to comply with staff pressure</li> </ul>

Source: Montalvo Corral (2002)

Table 5.9 contains a question of the questionnaire to assess managers' perceptions of the community pressures associated with the adoption of GCE-based cleaner products and processes.

*Table 5.9- The question used in the questionnaire pertaining to the perceived community pressure. (The complete questionnaire is in Appendix E)*

The pressures and lobbies from the local community on your company for the adoption and/or the development of cleaner and more sustainable products and processes such as those that are based on Green Chemistry and Green Engineering are:						
-3	-2	-1	0	1	2	3
very weak	quite	slightly	uncertain	slightly	quite	very strong

## Regulatory Pressures

In the industrial set, regulatory pressures in the environmental domain refers to how managers perceive that regulations affect their companies' business. It also refers to the degree to which they are influenced by important referents, in the regulatory domain, regarding the performance of innovative eco-environmental behaviors.

Montalvo Corral (2002) argued that the enforcement of environmental legislation is widely recognized as the major driver of environmental protection (eco-behavior) in industry. According to Grabowski and Vernon (1979), two streams of legislation influence the chemical industry: (1) the economic regulation that addresses economic relationships and norms and (2) the social regulation that concerns the protection of the society against the negative impacts produced by the chemical industry's operations. Mahdi *et al.* (2002) highlight Davies' (1983) observation that at least three types of social regulations have impact on industrial chemical innovation:

- 1) Environment oriented regulations (oriented to reduce the negative impacts of the chemical industry),
- 2) Product registration regulations (governmental approval before product manufacturing or launching in the market), and
- 3) Product oversight regulations (focus on specific types of product but do not require government approval for new products).

This exemplifies the importance and the significant dimension that the environmental regulatory forces occupy in the chemical industry space. Regulation enforcement by governments as well as other nongovernmental agents seek to express through social norms what is expected from firms, in terms of corporate environmental behaviors, by the broad societal spectrum.

These two-sided relationships and social pressures involving companies and their multiple referents are assumed to make fundamental contributions to the adoption by companies of eco-innovative behavior.

In this regard, López-Gamero *et al.* (2002: 964 *apud* Berrone and Gomez-Mejia, 2009) emphasized that “managerial perceptions of the importance of environmental regulations as a competitive opportunity are associated with a more proactive stance on environmental commitment”.

Within this context, it is proposed that the environmental demands embedded in regulatory social norms, may arise from a significant array of societal organizations in the governmental and nongovernmental domains. They are represented by organizations in the domains of environmental regulations, industrial standards, international environmental trade norms, and international treaties for environmental protection.

For the purposes of this thesis research, these organizations represent important referents that push or demand companies to perform of eco-behaviors such as those regarding the engagement of GCE-based eco-innovation processes. These processes are expected to develop the next generation chemical products, processes.

Table 5.10 lists the beliefs, referred to in the foregoing paragraphs, which may be held by managers in the industrial organization in relation to regulatory pressures towards companies’ adoption of cleaner products and production processes.

*Table 5.10- Social normative beliefs used to assess organizations leaders’ perceptions related to the regulatory pressures associated with the adoption of cleaner products and production processes*

<b>Regulators</b> Environmental agency Risk of future regulation Regulators’ enforcement capability Motivation to comply with regulators	<b>National and international standards, trade organizations and agreements</b>	Influence exerted by ISO, ICCA, and ABIQUIM Motivation to comply with ISO and ICCA/ABIQUIM National and international agreements
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Notes: ISO- International Organization for Standardization  
 ICCA- The International Council of Chemical Associations  
 ABIQUIM- Brazilian Chemical Industry Association  
 Source: adapted from Montalvo Corral (2002)

Table 5.11 contains a statement of the questionnaire to assess managers’ perceptions of the regulatory pressures associated with the adoption of GCE-based cleaner products and processes.

*Table 5.11- The statement (or question) used in the questionnaire pertaining to the perceived regulatory pressures. (The complete questionnaire is in Appendix E)*

Environmental authorities have the enforcement capability to force us to develop clean products and adopt clean and more sustainable production processes.						
-3	-2	-1	0	1	2	3
strongly disagree	quite	slightly	uncertain	slightly	quite	strongly agree

### **Social Factors Behavior Domain 2: Perceived Social Norm (Role Beliefs)**

The TPB does not prescribe roles (roles beliefs) as a central motivational factor that may influence and underlie the formation of behavioral intentions. Harry C. Triandis, in his studies on human behavior in varying situational contexts, agreed with the TPB on the importance of the perceived social norm and the behavioral intention, in predicting and explaining a given behavior performance. Despite this agreement, he stated that that in the social normative beliefs domain, “role beliefs” are of equal and of fundamental relevance (cf. Jain and Triandis, 1997 and Triandis, 1977).

As noted in Section 3.2.1 of Chapter 3, in this research, the assessment of managers’ and important decision-makers perceptions was considered as an appropriate proxy to infer of companies’ innovative behavior. As such, manager’s role beliefs appear to be strong and convincing motivational factors for companies to engage in GCE-based eco-innovation processes and, therefore, deserve attention and to be tested.

Social roles are intrinsically related to social norms in the sense that roles are a product of social norms and social norm can be a product of roles as some norms are intensely *role-specific* (Sunstein, 1996). According to Lopopolo (2001), the role incorporated by individuals in a group is formed by a reoccurring exchange of expectations between societal groups’ members and role incumbents.

In this regard, “the role of any individual member of the work group reflects that person’s perceptions and beliefs as well as those held by the group” (*ibid*: 1318). According to Sunstein (*ibid*) the internalization by people of the social norms about their roles occurs rapidly and violations of the role-specific norms can produce prompt social punishments or rewards.

This research builds upon the concept of professional roles in organizations as defined by Jain and Triandis (1997: 100):

“The roles concept, holds the ideas about the correct behavior for a specific position that a member of the organization holds”.

In this research, the role beliefs are those associated with managers’ engagement in eco-innovative activities (eco-behavior) in the field of cleaner and more sustainable products, process technologies, materials and energy sources. They reflect his or her perceptions of the correctness of the performance of such behavior by someone occupying his or her position, or function, in the company.

As roles are a product of social norms emerging from the dynamics of the social relationships (Sunstein, 1996), it can be argued that they are vulnerable and are influenced by changes that occur in the societal environment. “In the organizational set, organizational roles are never static because they are modified as those who occupy the roles (role incumbents) adapt to changes occurring within the organization” (Lopopolo, 2001: 1318) and to the environment within which they are inserted.

Because this research was designed to elucidate the motivational factors for the performance of a specific behavior in the short and medium term, it represents a snapshot of the role beliefs of managers in this context and is not intended to expand it to behavioral predictions within long-term future.

Lopopolo (2001) explained the significance of roles as contributors to the behavioral intention formation and actual behavior performance. According to him, it represents the degree to which societal expectations are harmonious with the role incumbent’s perceptions, beliefs and experience.

“If the role expectations of the work group are perceived as congruent with the person’s perceptions, beliefs, and experience, it will influence and motivate her or his behavior in a manner consistent with the work group’s intent. However, if the role expectations of the work group are perceived to be incongruent, illegitimate, or coercive, the individual may strongly resist meeting the work group’s expectations” (*ibid*: 1318).

Due to the multitude of roles that can be associated with managers’ positions in the company, for the purpose of this research, it seemed to be plausible, to consider as significant the eco-innovative roles that have the potential to develop manager’s intentions to catalyze activities that can contribute to companies’ engagement in eco-innovation activities in cleaner production<sup>88</sup> in manufacturing firms.

Based on the definition of the roles concept, which underscores the importance of the sense of behavior correctness that a member of the organization holds for his or her position, a proposal for managers’ pro-environmental roles beliefs could be made. This proposal had its foundations on the work by Vickers and Cordney-Hayes (1999) on innovation and cleaner

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<sup>88</sup> Jackson (1994) defined Cleaner Production as: “An operational approach to the development of the system of production and consumption, which incorporates a preventive approach to environmental protection”.

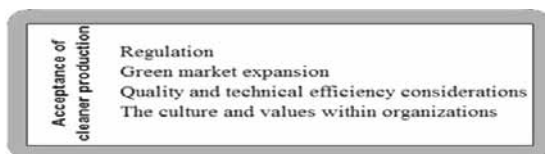
production, which highlighted the following factors as the main motivational forces behind the adoption of cleaner production:

- 1) **Regulation:** according to Cordney-Hayes (*ibid*), empirical studies tend to confirm the importance of legislation and regulatory pressure as the main motive force behind the adoption of cleaner technology, especially those involved in environmentally sensitive activities;
- 2) **Green market expansion:** due to the expansion of the green market in industrial societies many businesses are seeking to use environmental issues as an opportunity for growth;
- 3) **Quality and technical efficiency considerations:** considerations of cost, efficiency and quality are important stimulants to technical improvement and conservation in the use of materials and energy with their associated environmental benefits; and
- 4) **The culture and values within organizations:** refers to the great importance that the role of values and culture assume in the potential commitment of people within organizations to social and environmental responsibility. Changes in the organizational culture and values towards greener consciousness may foster the perception of the interconnectedness of economic success and the health of the ecosystem.

It is proposed that managers, who believe that to be supportive to these elements is part of the position or function that he or she occupies in the company, are expected to be more inclined to develop stronger intentions towards the performance of pro-environmental behaviors such as eco-innovating in GCE

Table 5.12 lists the beliefs, referred to in the foregoing paragraphs that may be held by managers in the industrial organization in relation to their professional role regarding the adoption of GCE-based eco-innovation behaviors a means to develop or acquire cleaner products and production processes.

*Table 5.12- Normative beliefs used to assess organizations leaders' perceptions related to their professional role associated with eco-innovation behaviors that are based on the principles of GCE*



Source: author

Table 5.13 contains a statement of the questionnaire to assess managers' perceptions of their professional role associated with the adoption of cleaner products and processes (based on Green Chemistry and Green Engineering).

*Table 5.13- The statement used in the questionnaire pertaining to the organizations leaders' perceived professional environmental role. (The complete questionnaire is in Appendix E)*

Being environmentally responsible and being favorable to cleaner and more sustainable products



and processes, such as those that are based on the principles predicated by the Green Chemistry and Green Engineering, are expected from someone that occupies my current professional functions and position at the company.						
-3	-2	-1	0	1	2	3
strongly disagree	quite	slightly	uncertain	slightly	quite	strongly agree

### Social Factors Behavior Domain 3: Perceived Personal Norm (Moral Obligation)

Personal normative beliefs are related to a person's own expectations about his or her behaviors. They are based on internalized values (Schwartz, 1977) as opposed to social normative beliefs, which are related to other people's expectations about one's behavior. Personal normative beliefs "measure what the person feels he or she should do, and form part of the general normative pressure, which influences their behavior" (Budd and Spencer, 1985: 300). They take account of personal, rather than societal values (Connor and Armitage, 1998).

Although personal normative beliefs are not a constituent part of the TPB structure, it is important to note that they were taken into account in Fishbein's original model of the attitude-behavior relationship. They were dropped from the model in subsequent revisions that shaped the development of the TPB's predecessor: the "Theory of Reasoned Action". According to Ajzen and Fishbein (1970), personal norms were dropped because they correlated highly with intentions and were considered to be an alternative measure of a subject's behavioral intention.

Many authors refuted this view and researchers such as Budd and Spencer (1985), Conner and Armitage (1998) and Harland *et al.* (1999) documented that personal norms improved the behavioral predictive power for behaviors where personal normative beliefs are relevant. Although the conceptualization of personal norms relates to a person's own values involved with a certain behavior, which may encompass moral and other values, they appeared to be closely related to the concept of individual self-identity (cf. next section) as proposed by Cialdini *et al.* (1991).

"The link between personal norm and self-identity is clear, but personal norm differs in that it takes account of personal, rather than societal values". (Conner and Armitage, 1998: 1443)

In this research, the concept of personal norms followed Schwartz (1977), whereby personal norms, when activated, reflect commitment with internalized values and are experienced as feelings of personal (moral) obligation to engage in a certain behavior.

The reason for this choice was grounded on this thesis researcher's interest in: (a) testing the extent to which personal norms can influence and explain managers' behavior associated with the support to pro-environmental actions within their companies' domains, and (b) examining the degree of stimulus that personal norms provide to foster the introduction of GCE-based innovation activities.

In order to study the influence of the personal normative beliefs in the realm of this research, two points should be observed. The first regards that personal norms have been found to be relevant in explaining a wide variety of behaviors (i.e. Budd and Spencer, 1985; Conner and Armitage, 1998; Harland *et al.*, 1999). Therefore, “the crucial question, then, was whether personal norms also play a role in the domain of environmentally relevant behavior, where possible beneficial consequences of one’s behavior for others are less obvious” (Harland *et al.*, 1999: 2508).

The second relates to the degree of confidence one has that personal norms do not overlap with some constructs of the TPB as indicated by previous studies such as those conducted by Budd & Spencer (1985); Raats *et. al* (1995) and Harland *et al.* (1999).

In general, the explanation for the compliance with these two points can be found, among others, in the work by Stern (2000) and Harland *et al.* (1999). These studies provided a solid basis for justifying the study of the influences of personal norms on this research’s domain and objectives.

Many authors embraced the research line focused on establishing the influence of personal norms on environmentally relevant behavior (e.g., Black *et al.*, 1985; Heberlein and Black, 1981; Hopper & Nielsen, 1991; Vining & Ebreo, 1992). In this respect, Stern (*ibid*) developed an interesting approach. He related his work to Heberlein (1972) and Schwartz (1977) to demonstrate that altruistic personal (moral) norms can explain environmentalism.

According to Heberlein (*ibid*), because the environmental quality is a public good, in the domain of the personal (moral) norms, it requires altruistic environmental behavior for an individual to engage in pro-environmental actions. On his side, Schwartz (*ibid*: 227), in his moral norm-activation theory of altruism, postulated that:

“altruistic behavior is influenced by the intensity of moral (personal) obligation that an individual feels to take specific helping actions (...) feelings of moral obligation are generated in particular situations by the activation of the individual’s cognitive structure of norms and values”.

In relation to the moral norm-activation theory, Stern (2000: 412) argued that:

“The theory holds that altruistic (including pro-environmental) behavior occurs in response to personal moral norms that are activated in individuals who believe that particular conditions pose threats to others (awareness of adverse consequences, or AC) and that actions they could initiate could avert those consequences (ascription of responsibility to self, or AR)”.

Additionally, by citing a number of authors, he stated that “substantial evidence supporting the theory’s applicability to a range of environmental issues has accumulated over two decades” (*ibid*: 412)

Based on these and other considerations, Stern and colleagues developed the “Value-Belief-Norm” (VBN) theory of environmentalism (Stern *et al.*, 1999) that offered explanatory account of a variety of behavioral indicators of non-activist environmentalism in which

personal values (especially altruistic values) and personal norms for pro-environmental action play a significant role (Stern, 2000).

Harland *et al* (1999) provided a demonstration of the applicability of personal norms to explain pro-environmental behavior. Differently from Stern (2000), they tested the explanation power of the personal (moral) norms *via* the use of the TPB. Both issues are important to this research. In their study, the influence of personal normative considerations on behavioral intentions, in the domain of environmentally relevant behavior, was captured *via* the use of Schwartz's (1977) personal-norm construct as an extension to the TPB. They concluded that:

“The results of this study suggest that, in this domain, personal norms are of importance. It appears that, while the usual constructs of the TPB explained five specific behavioral intentions to a considerable extent, personal norms improved their explanation significantly (...). Additionally, our results imply that decisions to behave pro-environmentally are based partly on moral considerations (...). This suggests that what we found may be a fairly general relation between personal norms and environmentally relevant behavior.” (*ibid*: 2522)

The foregoing theoretical grounds inspired and provided the author of this thesis with confidence to justify the inclusion of personal norms in this research. Personal norms were proposed as determinants of managers' behavioral intention (willingness) to engage in eco-innovation activities based on the principles of Green Chemistry and Green Engineering.

Such interest was focused on managers' perceived personal moral obligations related to key fundamentals and activities within the organization that can promote pro-environmental changes by:

- a) Providing support and defense of pro-environmental technological changes at the upper management level decision-making processes;
- b) Influencing people and disseminating pro-environmental culture, and
- c) Taking active and objective actions to identify new (short and long-term) alternatives and innovative solutions for the firm's environmental and economic sustainability challenges.

These beliefs are depicted in Table 5.14. They represent a set of beliefs that may contribute to the perception of managers with regard to his or her moral obligation relative to the environment. They may be influential factors with regard their engagement in GCE-based eco-innovation activities as a means to search for solutions for their companies' environmental sustainability challenges.

Managers whose personal moral norms regarding the environmental preservation are activated are more likely to engage in pro-environmental behaviors.

Table 5.14 lists the beliefs, referred to in the foregoing paragraphs that may be held by leaders in the industrial organization in relation to their moral (personal) obligations towards the environment.

Table 5.14- Personal normative beliefs used to assess organizations leaders' perceptions related to their moral obligations associated with eco-innovation behaviors that are based on the principles of GCE

Personal (moral) norms Influence on managers key activities	Decision-making processes
	Influencing people and disseminating pro-environmental culture
	Active and objective actions to identify new alternative and innovative environmental solutions

Source: author

Table 5.15 contains a statement of the questionnaire item related to organization's' leaders' moral personal norms related to their obligations towards the environment.

Table 5.15- The statement used in the questionnaire pertaining to the organization's leaders' perceived moral personal norms towards the environment. (The complete questionnaire is in Appendix E)

The degree of moral obligation that I feel in relation to my active engagement in influencing individuals, in all hierarchical levels of my company, favoring pro-environmental behaviors and innovative and more sustainable technologies is:						
-3	-2	-1	0	1	2	3
not responsible	quite	slightly	uncertain	slightly	quite	very responsible

#### Social Factors Behavior Domain 4: Perceived Self-Identity

Despite the broad and intensive worldwide use of the TPB as a reliable theory to predict and explain different behaviors in a wide variety of contexts, there are criticisms directed to the theory's normative component as being the weakest predictor of behavioral intentions (Ajzen, 1991, Armitage and Conner, 1999; Conner and Armitage, 1998, Terry and Hogg, 1996). As a consequence, it has been the object of many researcher's investigations designed to supplement it with new elements that could increase its predictive and explanatory power.

As illustrative of the search for alternatives to overcome the TPB's social construct shortcomings, researchers have integrated the construct "self-identity". It has been found to be valuable and distinctive predictor of intentions (Armitage and Conner, 1999, Jain and Triandis, 1997; Terry *et al.*, 1999, Triandis, 1977).

The concept of "self-identity" can be defined "as the salient part of an actor's self<sup>89</sup> which relates to a particular behavior. "It reflects the extent to which an actor sees him or herself as fulfilling the criteria for any societal role". (Conner and Armitage, 1998: 1444)

<sup>89</sup> Self: the personality or character that makes a person different from other people: the combination of emotions, thoughts, feelings, etc., that make a person different from others. Source: Merriam-Webster Online Dictionary and Thesaurus (<http://www.merriam-webster.com/dictionary/self>), accessed in June 2012.

Identifiable social roles are, in turn, known to drive intentions (Armitage and Conner, *ibid*; Jain and Triandis, 1997; Triandis, 1977). Self-identity is influenced both by personal motivations (for self-esteem, self-enhancement, and self-understanding) as well as by social interactions (Whitmarsh and O'Neill, 2010). "Self-identity serves both to differentiate oneself from others and to conform to the values, beliefs and behaviors of the social groups to which one belongs (Whitmarsh and O'Neill, *ibid*: 2).

It is important to underscore that, in the context of this research, the use of social-identity as a social pre-conditional, motivational factor underpinning the behavior intention, was inspired by the Triandis' (1977) "Theory of Interpersonal Behavior" (cf. Section 3.2.1).

In the domain of environmentally significant behavior, Fielding *et al.* (2008), Fekadu and Kraft (2001), Sparks and Shepherd (1992), Sparks *et al.* (1995), Terry *et al.* (1999) and Whitmarsh and O'Neill (2010) corroborated the findings of these aforementioned studies and reinforced the existing evidence of the importance of self-identity as a significant determinant in predicting environmentally-significant behavior.

According to Terry *et al.* (1999), the link between self-identity and behavioral intentions is predicated on the basis of Identity Theory (IT). The theory conceives of the self not as a distinct psychological entity, but as a social construct.

"Identity theory, thus, provides a clear justification for the inclusion of self-identity as a predictor of intention, given that, in both the theories of reasoned action and planned behavior, intention is regarded as the most proximal predictor of behavior (Terry *et al.*, 1999: 227).

The ID explained social behavior in terms of the reciprocal relations between self and society (Hogg *et al.*, 1995).

"(...) identity theory, (...) views the self not as an autonomous psychological entity but as a multifaceted social construct that emerges from people's roles in society; variation in self-concepts is due to the different roles that people occupy" (Hogg *et al.*, 1995: 256).

For every societal role an individual occupies, he or she attributes and associates specific meaning to the self (Burke and Tully, 1977). The distinct components of the self, as proposed by Stryker, are called role identity and are associated with the roles one occupies in society. (Hogg *et al.*, 1995).

"Role identities are self-conceptions, self-referent cognitions, or self-definitions that people apply to themselves as a consequence of the structural role positions they occupy, and through a process of labeling or self-definition as a member of a particular social category" (Hogg *et al.*, 1995).

A central facet in the relation between role identity and behavioral outcomes is the concept of identity salience. The meaning of identity salience, stems from the principle that for any individual, some identities have more self-relevance than others and are hierarchically organized in the self-concept.

The higher ranked ones in the salience hierarchy are more likely to be invoked in a specific situation, are more self-defining and are more preponderant in the determination of a specific behavior. "Identity salience is conceptualized (and operationalized) as the likelihood that the identity will be invoked in diverse situations" (Hogg *et al.*, 1995: 257)

In this regard, López-Gamero *et al.* (*ibid*: 964), citing Drumwright (1994) and Fineman (1997), stated that:

"Research has shown that management commitment to environmental causes is a powerful internal political force that reflects that managers' ideals, values, and even lifestyle are bound to have a direct effect on their degree of commitment to the environment, which will eventually determine the development of environmental orientation and strategies."

For the purposes of this research, the self-identities of managers, in the Brazilian petrochemical sector, which may contribute to eco-innovation behaviors, were assessed regarding their social role identities associated with the following characteristics: (1) manager's identification with environmental sustainability issues and (2) managers who are innovative are seen as responsible and competent.

Managers that see themselves as environmentally responsible, innovative and competent are likely to be more prone to engage in eco-innovative activities.

Table 5.16 lists the beliefs, referred to in the foregoing paragraphs that may be held by managers in the industrial organization in relation to their self-identity associated with the environment and innovation.

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*Table 5.16- Self-identity beliefs used to assess organizations leaders' perceptions related to their positive identification with environmental causes and with eco-innovative behaviors*

Self-identity roles associated with managers role beliefs	Self identification with environmental sustainability issues Self identification with innovativeness and competency
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Source: author

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Table 5.17 contains a statement of the questionnaire item related to organizations leaders' self-identity perceptions associated with the environmental causes and with innovative behaviors.

*Table 5.17- The statement used in the questionnaire pertaining to the organizations leaders' perceived self-identity towards the environment and innovation. (The complete questionnaire is in Appendix E)*

I identify myself with and I believe in the importance of the environmental preservation of our planet. Therefore, I am favorable that innovative and more environmentally sustainable solutions, such as those that are based on the Green Chemistry and Green Engineering, should be sought in the industrial domain.						
-3	-2	-1	0	1	2	3
strongly disagree	quite	slightly	uncertain	slightly	quite	strongly agree

### **The Perceived Behavioral Control Construct as a Determinant of Innovation in Green Chemistry and Green Engineering**

As noted in Section 3.2.1, the TPB gravitates around the theoretical concept that the individual's intention to perform a behavior is the immediate antecedent of the actual behavior performance. Intentions are assumed to capture the motivational factors that influence the performance of behavior.

Section 3.2.1 stated that control beliefs are, according the TPB, among the beliefs that ultimately induce an individual to develop behavioral intention and action.

The concept of behavioral control (control beliefs) relates to the extent to which the performance a given behavior is dictated by individuals' perceptions of the availability of opportunities and resources.

“(...) perceived behavioral control (...) refers to the perceived ease or difficulty of performing the behavior and it is assumed to reflect past experience as well as anticipated impediments and obstacles” (Ajzen, *ibid*: 188)

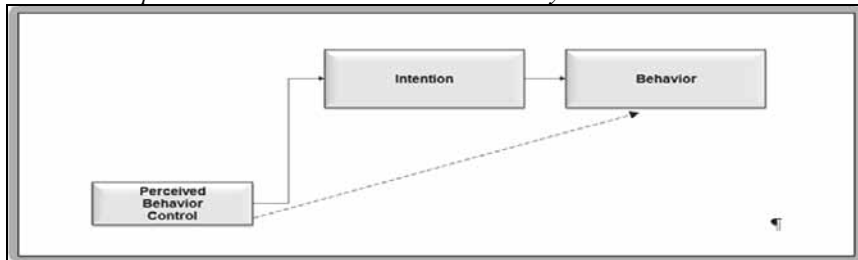
In the case that these opportunities and resources are held by individuals or organizations, it is argued that the behavior in question is under volitional control (i.e. there is actually control over the performance of a behavior).

The more resources and opportunities an individual perceives that he or she possesses and the fewer obstacles and impediments are anticipated, the greater should be their perceived control over their behavior (Ajzen and Madden, 1986)

The hierarchical relations that the perceived behavioral control construct assumes with behavioral intention and behavioral performance, within the structure of the TPB, are presented in Figure 5.5. Their theoretical foundations are originated in the notion that

behavioral intentions can be effective as a behavior precursor only if the behavior in question is under volitional control (Ajzen, 1991). This is reflected in the TPB's postulation that the perceived behavioral control can be used to influence the performance of a behavior in direct fashion or indirectly by helping to develop behavioral intention (*ibid*).

Figure 5.5- The Hierarchical relations between behavioral achievement and behavioral intentions and the perceived behavioral control as stated by the TPB



Source: author. Based on Ajzen (1991)

According to Ajzen (1991: 184) at least two rationales support this argument:

- “First, holding intention constant, the effort expended to bring a course of behavior to a successful conclusion is likely to increase with perceived behavioral control, and
- The second reason for expecting a direct link between perceived behavioral control and behavioral achievement is that perceived behavioral control can often be used as a substitute for a measure of actual control.”

The concept of *perceived* behavioral control (PCB) is centrally relevant and significant for the TPB. In fact, Ajzen (*ibid*) concluded that the perception of behavior control and its impacts on intentions and actions are of greater psychological interest than actual control (*ibid*).

In this thesis research, the perceived behavioral control is interpreted as the managers' perception of how easy or difficult it is to engage in GCE-based eco-innovation processes. Such perception is contingent on managers' degree of control over the opportunities and resources that are needed to engage in such behavior.

The theoretical universe associated with eco-innovation indicates that these resources have a multidimensional character and are associated with a large number of dissimilar variables. They can become confusing and unmanageable if not properly selected and organized. This underscored the need for a specific and testable framework that could help this researcher to organize and guide this study.



## The Integration of the “Sectoral System of Innovation” Framework into the TPB’s Perceived Behavior Control Construct

As the focus of this thesis research was directed to companies in the Brazilian petrochemical sector, it became necessary to adopt a plausible framework that was able to represent the resources and opportunities for companies to engage in eco-innovation activities.

The proposed framework should also provide the theoretical grounds under which manager’s and decision-makers’ perceived control over these resources and opportunities could be identified and measured. This was a necessary condition for helping the researcher to express and explain the strength of managers’ willingness (behavioral intention) to engage in eco-innovation processes.

For this purpose, the “Sectoral Systems of Innovation” (SSI) framework, proposed by Franco Malerba (2002, 2004, 2005a and 2005b) (cf. Section 3.1.2), was considered adequate for this thesis research and it was, consequently, integrated into the TPB’s perceived behavioral control construct. This choice was based on the fact that the SSI framework provided a multidimensional and integrated approach for innovation in sectors.

The SSI framework is based, theoretically and analytically, on evolutionary theory. It emphasizes cognitive aspects such as beliefs and expectations, which are in turn affected by the learning processes, experiences and by the environment in which the agents act (Malerba, 2005b).

According to the SSI, although a sector is composed by heterogeneous agents (organizations or individuals), “firms are the key actors in a sectoral system. They are involved in the innovation, production and sale of sectoral products, and in the generation, adoption and use of new technologies” (Malerba, 2002: 255). This coincides with the structure of this study, in which firms are the central elements in the analysis.

In order to provide a better understanding of how this integration was conducted, it is helpful to briefly go back to some important theoretical aspects of the role of *beliefs* and *behavioral domains* in the TPB (for an overview, refer to Section 3.2.1).

The first point to consider is the fact that at its most basic level of explanation, the TPB postulates that behavior is a function of the beliefs or information relevant to the behavior (Montalvo Corral, 2002). Beliefs are formed when we associate a connotative meaning to the characteristics, qualities and attributes associated with an object or with a behavior. This generates an attitude towards this object or behavior within us (Ajzen, 1991) at the same time that “we associate our skills, resources, time etc., with the control over our own and/or the others’ behavior” (Montalvo Corral, *ibid*: 38).

The generation of these beliefs is then of uppermost importance in determining behavioral intention (willingness) and in performing the behavior under study. Montalvo Corral (*ibid*) further argued that the first step in the identification of beliefs is the definition and mapping of the behavioral domains that underlie the TPB constructs. According to Ajzen (1988, Ch.1),

“behavioral domains are defined as specific areas of experience and knowledge from which the salient beliefs arise”.

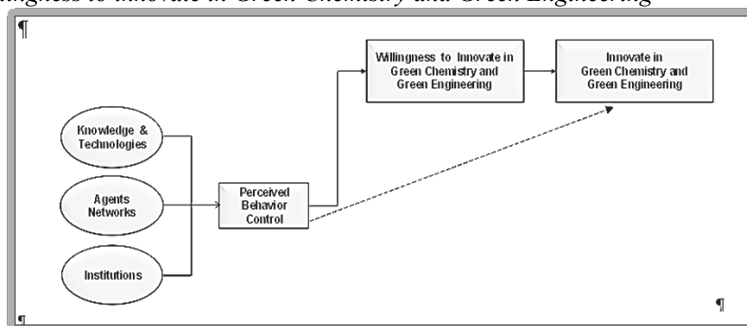
For this thesis research, the basic characteristics of sectors were considered when mapping the behavioral domains that may be justifiably associated with the control beliefs in innovation processes in sectors. The control beliefs associated with these behavioral domains were elicited from relevant literature.

In this regard, three dimensions compose the SSI framework. They are the building blocks of the SSI and constituted the behavior domains associated with the perceived behavioral construct of the behavioral model of this thesis research:

- a) knowledge and technological domain;
- b) Actors and networks, and
- c) Institutions.

Figure 5.6 depicts the structure of the perceived behavioral control construct of this thesis research’s behavioral model.

*Figure 5.6- Perceived behavior control behavioral domains that may predict and explain firm’s willingness to innovate in Green Chemistry and Green Engineering*



Source: author

The model’s structure and its relationships, guided the construction of the questionnaire entry for the perceived behavioral control. Table 5.18 presents the sample questionnaire statement for the direct measure of managers’ perceived behavioral control in the Brazilian petrochemical sector.

*Table 5.18- The statement used, as a direct measure, in the questionnaire pertaining to the perceived control over innovating in Green Chemistry and Green Engineering. (The complete questionnaire is in Appendix E)*

For our company, the engagement in eco-innovation activities based on Green Chemistry and Green Engineering is:						
-3	-2	-1	0	1	2	3
very difficult	significantly	slightly	uncertain	slightly	significantly	very easy

Building upon the foregoing emphases, the following sections explore each of the behavior domains by discussing the beliefs associated and exploring how they contribute to assess managers' perceived behavioral control within the scope of this thesis research.

**Perceived Behavioral Control Behavior Domain 1: Knowledge and Technological Domain**

As has been strongly emphasized within the evolutionary literature, knowledge is at the base of technological changes and plays a central role in innovation and production processes (Malerba, 2002, 2004, 2005a, 2005b). Knowledge and technologies in different sectors vary dramatically. Consequently, "knowledge becomes highly idiosyncratic at the firm level, does not diffuse automatically and freely among firms and it has to be absorbed by firms through their differential abilities accumulated over time" (Malerba, 2002: 251).

From the SSI framework, another important concept concerning knowledge emerge that help to explain differences in innovative activities in sectors. In sectors, knowledge differs in terms of domains. One knowledge domain refers to specific and technological fields that underpin the innovative activities in sectors. The other one relates to the applications, users and demands for sectoral products (Malerba, 2002, 2004).

Besides acknowledging these characteristics of knowledge and technologies in innovation processes in sectors, one question emerges. It regards the requisites for knowledge and technology to be developed and incorporated by firms in a given sector or by a sector itself.

Once these requisites are identified, two questions remain. The first is related to the degree of control companies' leaders perceive to have over these requirements (perceived behavior control). The second is associated to the existence of opportunities for innovation processes to be implemented so that company managers feel confident and willing to invest and engage in innovative activities.

For this behavior domain and from the SSI framework (Malerba, 2002, 2004, 2005b) four groups of beliefs related to the key dimensions of knowledge and technologies were identified: (a) accessibility to knowledge, (b) technological opportunities, (c) appropriability and (d) cumulateness.

## Accessibility to Knowledge

In innovation processes, knowledge occupies a central place and represents a powerful precondition for successful innovation achievements.

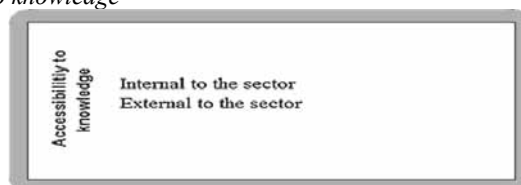
At the firm level, the construction of a solid knowledge base is a pre-requisite for its sustainability and for innovation. Firms need new knowledge, and their perception and belief that they have access to it represents a factor that can contribute to their deliberate engagement in eco-innovation activities.

Knowledge may have different degrees of accessibility (Malerba and Orsenigo, 2000). The idea of degrees of accessibility is related to the extent to which companies have access to knowledge from sources internal and external to their corporate environment. The combination of factors related to the easiness or difficulty of knowledge availability, together with the *locus* of their existence may influence the intention (willingness) of firms to engage in eco-innovation processes. From this, two aspects of control over this belief emerge:

- 1) **Internal to the sector-** knowledge that is easily accessible within the sector implies lower appropriability. Competitors may gain knowledge about new products and processes and, if they are competent, they may imitate them (Malerba, 2002, 2004, 2005b). In addition to having access to knowledge, firm's leaders should also take into account if the available knowledge can help them to make progress towards environmental sustainability and increase the business competitiveness of their firms. Considerations related appropriability are made further ahead.
- 2) **External to the sector-** according to Malerba (2005b: 388), "accessibility of knowledge which is external to the industry may be related to scientific and technological opportunities, in terms of level and sources. The external environment may affect firms through human capital with a certain level and type of knowledge or through scientific and technological knowledge developed in firms or non-firms organizations such as universities or research laboratories."

Table 5.19 lists the beliefs, referred to in the foregoing paragraphs that may be held by leaders in the industrial organization in relation to their companies' control over the access to knowledge that can help them to engage in eco-innovation activities in Green Chemistry and Green Engineering.

*Table 5.19- Behavior control beliefs used to assess organizations leaders' perceptions related to the accessibility to knowledge*



Source: author

Table 5.20 presents the statement from the questionnaire related to managers' perceptions related to the control over the accessibility to knowledge.

Table 5.20- The statement used in the questionnaire pertaining to the organizations leaders' perceived control over the accessibility to knowledge. (The complete questionnaire is in Appendix E)

Currently, the degree of access that your company has to new knowledge that is associated with Green Chemistry and Green Engineering via purchase processes, cooperation agreements and other means of knowledge acquisition, within the petrochemical sector is:						
-3	-2	-1	0	1	2	3
very low	quite	slightly	uncertain	slightly	quite	very high

## Technological Opportunities

Technological opportunities comprise the set of possibilities for technological advance and differ strongly among sectors (Malerba, 2005b). According to Klevorick *et al.* (1995), one relevant and substantial characteristic of industries that are reputed to be rich in technological opportunities is that high R&D intensities and high rates of technical advances tend to be sustained over time. In addition, they stressed that a key feature distinguishing industries with high rates of technological opportunities from those where these opportunities are limited resides on the fact that in the former those opportunities are augmented, or renewed, at a higher rate. Opportunities reflect the easiness of innovating for any given amount of resources invested in research (Malerba and Orsenigo, 1993).

It is important restate the fact that all these aspects related to the SSI are fully dynamic and interdependent. They are treated within this thesis as pre-conditional factors that may influence the establishment of these dynamic processes. Again, the interest in this specific topic resides upon the assessment of the managers' perception of the availability of technological opportunities so they feel willing and have the intention to innovate.

The higher the existence of technological opportunities, the more the companies are expected to invest in innovative solutions to their environmental and competitiveness problems. Following Klevorick *et al.*, (1995) three control beliefs are distinguished as different sources of new contributions to an industry's pool of technological opportunities:

- 1) Advances in scientific understanding and technique:** "the most powerful and, over the long run, almost certainly the most important source of new technological opportunities has been the advance of scientific knowledge" (Kleivorick *et al.*, 1995: 189). Science plays two different roles in shaping technological opportunities: one as a stock of knowledge and the other as a flow of often directly relevant knowledge. Additionally, it expands the opportunities for technological advances and establishes the basis for other factors that offset diminishing returns to technological opportunities (*ibid*). Science is employed as a set of tools and a stock of knowledge in the problem-solving processes by most scientists and engineers engaged in industrial R&D (Gibbons and Johnston, 1974).

It is expected that the higher the access to scientific developments that induces and underpins the development of eco-innovative technologies, the greater the interest on

the part of firms in investing in the development and/or acquisition of innovative solutions for their environmental and competitiveness challenges.

- 2) **Technological advances originating in other industries and in other private and governmental organizations:** this group of technological opportunities is underpinned by the dynamic interconnectedness and interdependency of industry to the business environment they are inserted in. Technological opportunities in one industry can be enriched by technological advances that are achieved in others. Technological opportunities may emerge from the supply and demand sides of the production chain. Other external sources, outside the vertical chain of production, also contribute to the technological opportunities in some industries. These may comprise government laboratories, universities, professional and technical societies, and independent inventors. “The contributions that external sources make to technical advances in an industry almost surely increase the industry's technological progress” (Klevorick *et al.*, 1995: 191). If external sources of knowledge are easily accessible and transformed into new greener and more competitive manufacturing processes and new artifacts readily to be offered to a variety of actors (e.g., customers and suppliers) innovative entry may take place (Malerba, 2005b).

It is expected that the more opportunities a company has to access new technologies, generated by external agents, the more powerful are the incentives to undertake innovative activities either by acquiring or developing technologies.

- 3) **Feedbacks from an industry's own technological advances-** technological opportunities with this characteristic evolve and are supported by feedback mechanisms. In these processes, new knowledge and technological advances generated by a firm or an industry in a certain point in time are starting points for future new technological opportunities. It represents reinforcing learning process in which the knowledge and technology developed by firms are augmented via feedback on their products and processes from users along the production and consumption chains.

It is expected that the more feedback information firms have on new knowledge and technological developments related to the technologies and products they generate and/or use, the greater the innovation possibilities are and the more willing to innovate companies are expected to be.

Table 5.21 lists the beliefs, referred to in the foregoing paragraphs that may be held by leaders in the industrial organization in relation to their companies' control over technological opportunities that can help and influence them to engage in eco-innovation activities in Green Chemistry and Green Engineering.

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*Table 5.21- Behavior control beliefs used to assess organizations leaders' perceptions related to technological opportunities*

Technological opportunities	Advances in scientific understanding and technique
	Technological advances from other industries and other private and governmental organizations
	Feedbacks from an industry's own technological advances

Source: author

Table 5.22 presents the question from the questionnaire related to perceptions about the control over the technological opportunities

*Table 5.22- The question) used in the questionnaire pertaining to the organizations leaders' perceived control over technological opportunities. (The complete questionnaire is in Appendix E)*

To what degree the diverse product and process technologies, currently available in other sectors and organizations external to the petrochemical sector, can contribute and facilitate the engagement of your company in eco-innovation activities that are based on Green Chemistry and Green Engineering?						
-3	-2	-1	0	1	2	3
very low	quite	slightly	uncertain	slightly	quite	very high

## Appropriability

In the innovation domain, appropriability represents the possibility of protecting innovation from imitation and consequently absorbing the benefits and returns of innovation activities. High appropriability means the existence of ways to protect successfully innovation from imitation (Malerba, 2002). The appropriability of the profits generated by innovative activities may constitute a strong motivational factor for firms to engage in innovation processes. Additionally, it permeates, influences and it is a capital factor in decision-making processes related to innovation activities. High cumulativeness of knowledge, intensity in an industry's R&D and technological opportunities are not independent of appropriability conditions and differ markedly across industries (Klevorick *et al.*, 1995).

In innovation processes, appropriability is part of a complex dynamics among a variety of variables. Its degree varies according the relationships and interactions of these elements and contextual factors (cf. Levin, 1988, Saviotti, 1998). For the purposes of this research, a thorough study of the appropriability, its dynamics, its relationships and interactions in innovations systems are beyond the objectives. The interest in this thesis was concentrated on the perception of managers, in the Brazilian petrochemical sector, of the appropriability conditions of knowledge and technologies that may or may not be an incentive condition for them, and their companies, to engage in innovation activities. Following Malerba and Orsenigo (1997), it is possible to identify two elements of appropriability conditions based on which managers perceived control beliefs can be assessed:

- 1) **Level of appropriability**- “high appropriability means the existence of ways to successfully protect innovation from imitation. Low appropriability conditions denote an economic environment characterized by widespread knowledge externalities (spillovers)” (Malerba and Orsenigo, 1997: 95).

In terms of knowledge and technology appropriability conditions, companies may face the following the dilemma:

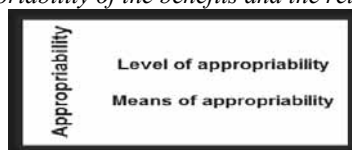
- a) to invest in efforts to acquire knowledge and technologies that are of low cost but of general and easy accessibility and therefore, are of low appropriability, and
  - b) to invest in efforts to develop or acquire knowledge and technologies that are of highest cost but pose more conditions to its accessibility and therefore, are of higher appropriability
- 2) **Means of appropriability**- comprise a number of means to protect innovation by approaches such as patents, secrecy etc. “The effectiveness of these means of appropriability largely differs from industry to industry, thus affecting the level as well as the nature of knowledge externalities” (Malerba and Orsenigo, 1997: 95). Appropriability conditions must be present either to protect companies from imitation by the market and to prevent spillovers.

It is expected that managers who perceive that the existing means of appropriability can provide him or her with the acceptable degree of protection against imitation and allow their companies to reap the profits from their investments in innovation, are expected to feel more prone (willing) to engage in innovation activities.

Table 5.23 lists the beliefs, referred to in the foregoing paragraphs that may be held by leaders in the industrial organization in relation to the control over the means of protecting their innovation from imitation. Such protection is expected to generate the adequate level of appropriability of the benefits and returns generated by innovation and to stimulate them to engage in GCE-based eco-innovation activities.

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*Table 5.23- Behavior control beliefs used to assess organizations leaders’ perceptions related to the control over the appropriability of the benefits and the returns generated by innovation*



Source: author

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Table 5.24 presents the question from the questionnaire related to perceptions about the control over the appropriability of the benefits and the returns generated by innovation

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*Table 5.24- The question used in the questionnaire pertaining to the organizations leaders’ perceived control over the appropriability of the benefits and the returns generated by innovation. (The complete questionnaire is in Appendix E)*



According to your perception, the degree of availability of means outside your company domain, at the national and international levels, that can ensure the appropriability (confidentiality and benefits) of knowledge and technologies and prevent imitation is:						
-3	-2	-1	0	1	2	3
very low	quite	slightly	uncertain	slightly	quite	very high

## Cumulativeness

Cumulativeness represents one of the key dimensions of knowledge in the sense that current knowledge is the base to the development of new knowledge. Cumulativeness conditions in innovation processes reflect the characteristic of innovation processes in which new innovation can be developed upon current innovations and innovative activities (Malerba and Orsenigo, 1997). Such processes are underpinned by evolutionary improvements that have self-reinforcing effect and contribute for companies to innovate in specific technological trajectories. This evidence is one of the factors why “today’s innovative firms are more likely to innovate in the future in specific technologies and along specific trajectories than non-innovative firms” (*ibid*: 95).

In the context of this thesis research, it is proposed that managers who perceive that his or her company controls (e.g. *via* their own resources, strategic alliances, technologies acquisition etc.) the processes that underpin knowledge cumulativeness are expected to feel more confident and willing to engage in eco-innovation processes.

Technological accumulation can be defined as the accumulation of “skills, knowledge and institutions that make up a country’s capacity to generate and manage change in the industrial technology it uses (i.e. its technological capabilities)” (Bell and Pavitt, 1993: 159),

Technological cumulativeness and learning mechanisms, at the company level, is largely related to the technological capability building mechanisms required to promote technological change. The technological accumulation (learning) precedes technological capabilities, technological change, and the overall industrial capability (Díaz Lopez, 2003).

Technological accumulation relates to variables pertaining domains of the scientific and tacit knowledge, inter-firms relationships, discontinuities in the technical change, types of learning etc. (Díaz López, 2003). The same view was shared by Figueiredo (2002). He stated that companies that wish to advance towards technological frontiers have to engage in processes of technological learning in order to acquire the required knowledge to build up and accumulate their own technological capabilities.

According to Malerba and Orsenigo (1993) the following sources of technological accumulation can be identified. For the purposes of this thesis research, they were considered as cumulativeness control beliefs: (a) learning processes, (b) technological capabilities, and (c) organizational capabilities.

## Learning Processes

The cognitive nature of learning processes and past knowledge constrain current research, but also generate new questions and new knowledge (Malerba and Orsenigo, 1997). The importance of technological cumulativeness in the creation of new knowledge, was reinforced by Nonaka (1994). He stated that the continuous construction of new knowledge in organizations is done by reconstructing existing perspectives, frameworks, or premises on a day-to-day basis. Citing various authors, Díaz López (2003) stated that technological learning can be defined as the process by which firms create knowledge and technological capabilities.

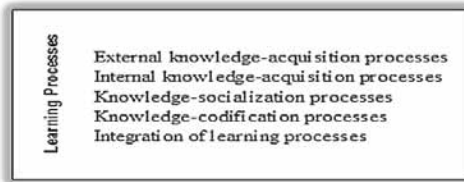
For the purposes of this thesis research, technological learning processes were addressed as “the various processes by which knowledge is acquired by individuals and converted into the organizational level. In other words, the processes by which individual learning is converted into organizational learning” (Figueiredo, 2002: 686). Based on the work of Nonaka and Takeuchi (1995), Figueiredo (*ibid*) proposed that technological learning comprises the following modes of knowledge acquisition and knowledge conversion (cf. Figueiredo, 2002 for a complete view):

- a) **External knowledge-acquisition processes:** it is the mode of knowledge acquisition by which individuals acquire tacit and/or codified knowledge from outside the company via, *inter alia*, pulling in expertise from outside, drawing on technical assistance, overseas training, systematic channeling of external codified knowledge, inviting experts for talks etc.;
- b) **Internal knowledge-acquisition processes:** refer to learning processes by which the process of knowledge acquisition is carried out at the individual level by performing different activities inside the company (routine activities in various areas within the organization that may range from operations through research);
- c) **Knowledge-socialization processes:** refer to learning processes by which individuals share their tacit knowledge (mental models and technical skills). It represents the knowledge transmission processes (formal and informal) by which tacit knowledge is transmitted from one individual or a group of individuals to another;
- d) **Knowledge-codification processes:** refer to learning processes by which the tacit knowledge residing at the individual level is articulated in explicit concepts in organized and accessible formats, and
- e) **Integration of the different modes of knowledge conversion:** in addition to the foregoing learning processes proposed by Figueiredo (*ibid*), Nonaka (1994) stressed that the dynamic interaction between the different modes of knowledge creation and conversion is a central theme in his model of organizational knowledge. “That is to say, knowledge creation centers on the building of both tacit and explicit knowledge and, more importantly, on the interchange between these two aspects of knowledge through internalization and externalization (...) A failure to build a dialogue between tacit and explicit knowledge can cause problems.” (Nonaka, 1994: 20).

Table 5.25 lists the beliefs, referred to in the foregoing paragraphs that may be held by leaders in the industrial organization in relation to their companies’ control over learning processes,

which can help them to engage in eco-innovation activities in Green Chemistry and Green Engineering

*Table 5.25- Behavioral control beliefs used to assess organizations leader's perceptions related to the control over the learning processes that can help companies to engage in eco-innovation processes*



Source: author

Table 5.26 presents the question from the questionnaire related to perceptions about the control over the learning processes.

*Table 5.26- The question used in the questionnaire pertaining to the organizations leaders' perceived control over the learning processes. (The complete questionnaire is in Appendix E)*

The learning mechanisms that your company currently holds that can promote the integration of the learning processes and knowledge acquisition (knowledge internalization and externalization) at personal and collective levels are:						
-3	-2	-1	0	1	2	3
very unsatisfactory	quite	slightly	uncertain	slightly	quite	very satisfactory

## Organizational Sources of Innovation Capabilities

According to Malerba and Orsenigo (1997: 95), in addition to learning processes, the other sources of knowledge cumulativeness reside in the organizational domain and refer to firm-specific technological and organizational capabilities, which “can improve only gradually over time and thus define what a firm can do now and what it can hope to achieve in the future” (*ibid*: 95).

## Technological Capabilities

In the environmental domain, technological capability “is the ability to mobilize and apply knowledge related to diminishing the ecological impact of existing production and consumption processes, and the development of more sustainable products and services” (Baas and Huisingh, 2008: 411).

The development of technological capabilities, in the firms’ domain, can be understood, in a broad sense, by the learning and technological accumulation mechanisms within an organization (Díaz López, 2003). Technological change can be seen as determined partly by external inputs and partly by past accumulation of skills and knowledge” (Lall, 1992). Technological knowledge is strongly company-specific and it is not easily transferred from firm to firm (Lall, *ibid*; Malerba, 2005b).

As firms usually do not master technologies other than those that are related to their own products and processes technologies, technological knowledge acquisition and gaining mastership on new technologies requires skills, efforts and investment on the part of the receiving firm (Lall, *ibid*). This implies mandatory processes of learning due to the tacit character of technologies whose underlying principles are not always clearly understood (Lall, *ibid*). These processes are performed progressively in time and knowledge cumulativeness can convey companies to the development of technological capabilities (Díaz López, 2003).

Technological capabilities are related to the company’s core and dynamic competences. Díaz López (*ibid*), quoting Prahalad and Hamel (1990) and Leonard-Barton (1992), argued that core competences comprise a set of differentiated skills, complementary assets and organizational routines specific to the firm, which allows for the creation of a technology based competitive advantage and determine the ability to survive and adapt to business environments of changing markets and contexts. Dynamic capabilities refer to:

“(…) the firm's ability to integrate, to build, and to reconfigure internal and external competences to address rapidly changing environments. Dynamic capabilities thus reflect an organization's ability to achieve new and innovative forms of competitive advantage given path dependencies and market positions”. (Teece *et al.*, 1997: 516 *apud* Leonard-Barton, 1992))

In the studies of technological capabilities in the industrial domain, it is advisable to make the proper distinction between the technological capabilities related to the routine production and the innovation technological capabilities. The former refer to the technological capabilities

required to use and operate the existing technologies and the latter are associated to the ones required to generate and to manage the technological change (Díaz López, 2003).

As this thesis research is focused on eco-innovation, the study of technological capabilities that may lead companies to engage in innovation activities and help to promote pro-environmental technological change, are the sole element of interest.

The behavior control beliefs used in this research (cf. Table 5.27) were derived from the work by Lall (1992) and additional elements extracted from the work by Durénit and Vera-Cruz (2001). As in the case of Lall (*ibid*), Durénit and Vera-Cruz (*ibid*) also developed a matrix of technological capabilities. In the latter case, in addition to using the Lall's matrix as inspiration, the authors also used the taxonomy of technological capabilities developed by Bell and Pavitt (1995) in order to distinguish the main technological capabilities according to their degree of complexity in innovation.

Table 5.27 lists the beliefs, referred to in the foregoing paragraphs that may be held by leaders in the industrial organization in relation to their companies' control over the companies' technological capabilities that are necessary for them to engage in eco-innovation activities in Green Chemistry and Green Engineering

*Table 5.27- Behavior control beliefs used to assess organizations' leader's perceptions related to the control over the companies' technological capabilities that can help companies to engage in eco-innovation processes*

Capabilities Level	Investment		Production			Linkages Within Economy
	Pre-investment	Project Execution	Process Engineering	Product Engineering	Industrial Engineering	
Intermediate technological innovation capabilities (search based)	Search for technology source. Negotiation of contracts. Bargaining suitable terms. Info. Systems	Equipment procurement, detailed engineering, training and recruitment of skilled personnel	Equipment stretching, process adaptation and cost saving, licensing new technology	Product quality improvement, licensing and assimilating new imported product technology	Monitoring productivity, improved coordination	Technology transfer of local suppliers, coordinated design, S&T links
Advanced technological innovation capabilities (research based)	Development of new production systems	Basic process design and related R&D	In-house process innovation and basic research	In-house product innovation, basic research	Collaboration with suppliers and partners for technological development	Turnkey capability, cooperative R&D, licensing own technology to others

Sources: Díaz López (2003), Durénit and Vera-Cruz (2001) and Lall, (1992)

It is important to highlight that the basic level technological innovation capabilities originally proposed by Durénit and Vera-Cruz (*ibid*), were suppressed from this work. The reason for this suppression resides in the fact that innovations based on GCE may require radical innovation or the development of new technological paradigms and trajectories, which are not likely to be achieved via the proposed basic technological innovation capabilities.

Additionally, it is fundamental to highlight that, in accordance with the eco-innovation definitions presented in Table 16.1 of Appendix H, in this research, companies that are technology developers (research based innovators) and/or technology buyers (search based innovators) are considered to be innovators.

In this respect, it is important to highlight that, although some companies do not possess the required technological capabilities for the development of new technologies, they see the acquisition of innovative greener technologies as a means to be more sustainable and competitive. Therefore, it is required for them to hold (or to acquire) the required technological and organizational capabilities to absorb innovative technological eco-innovations.

Table 5.28 presents the question from the questionnaire related to perceptions about the control over the companies' technological capabilities.

*Table 5.28- The question used in the questionnaire pertaining to the organizations leader's perceived control over the companies' technological capabilities. (The complete questionnaire is in Appendix E)*

What is the degree of difficulty that your company faces in obtaining the required capabilities (inside and outside the company realm) if it decides to follow the path of developing eco-innovative processes and basic research?						
-3	-2	-1	0	1	2	3
very difficult	quite	slightly	uncertain	slightly	quite	very easy

## Organizational Capabilities

As previously noted in the foregoing sections, knowledge is central to innovation. Based on the framework of the SSI, this section explored important dimensions of knowledge required for the development of innovations. Under the optics of the behavioral model of this thesis research, these dimensions represent the control beliefs associated with the knowledge and technological behavior domain of the *perceived behavior control* (PCB) construct (cf. Figure 5.6 and Figure 5.8).

Central to this section, knowledge cumulativeness is intrinsically related to the companies' learning processes and to organizational sources which, in turn, according to Malerba and Orsenigo (1997) comprise two domains: (a) technological capabilities (cf. previous section) and (b) organizational capabilities.

At this point, it is appropriate to refer to Dosi *et al.* (2000) who didactically explained that the notion of capability is associated with the sense of being capable of doing something. That is, "to have the capacity to bring that thing about as a result of intended action. Capability fills the gap between intention and outcome." Dosi *et al.* (*ibid*; 2).

To keep the focus on the object of this section (knowledge cumulativeness), it is argued that technological capabilities (cf. previous section) can be interpreted as the technological means through which companies effect the transformation of inputs into outputs. Figuratively, they represent a company's stocks of knowledge (tacit and explicit) accumulated throughout the years at both the personal and the organizational levels. They are dynamic, idiosyncratic and change overtime. "Production, the creation of value through transforming input into output,

requires a wide array of knowledge, usually through, combining the specialized knowledge of a number of individuals” (Grant, 1996a: 377).

Following the principles for knowledge and capabilities integration proposed by Grant’s (*ibid*), technological capabilities can be viewed as a product of knowledge accumulation resulting from the integration of a wide spectrum of knowledge residing in the various knowledge strata within and outside an organization.

Knowledge obeys an integration hierarchy that is different from that associated with the administrative domain. It spans from the specialized knowledge held by individuals through knowledge that is integrated up to higher levels of integration, which requires wide-ranging cross-functional integration (e.g. new product development capability). This integration process also includes knowledge that is required to construct other levels of capabilities such as those specialized and broader functional capabilities (e.g. R&D, manufacturing etc.). “Although higher-level capabilities involve the integration of lower-level capabilities, such integration can only be achieved through integrating individual knowledge” (Grant, *ibid*: 378)

The concept of integration, is very useful in the processes of innovation, whereby, flexible integration is required. Such integration spans from the extension of existing capabilities to encompass new knowledge, through the reconfiguration of existing knowledge within new patterns of integration (Grant, 1996b).

At this point the question emerges of what organizational capabilities are necessary to integrate knowledge and thus to promote the development of technological capabilities. Certainly, a company should hold many organizational capabilities. To be faithful to the objectives of this section, this thesis author maintained the focus on the creation of technological capabilities *via* the integration (and accumulation) of knowledge present in the various strata and mechanisms within and outside the firms’ domains. These might not be the only contributing factors to the formation of capabilities but their absence can make it difficult to develop the essential knowledge and innovation.

To approach the subject of organizational capabilities in the knowledge domain, this thesis research built upon the premise of Grant (1996a: 377, original italics):

“If knowledge is a critical input into all production processes, if efficiency requires that it is created and stored by individuals in specialized form, and if production requires the application of many types of specialized knowledge, then the primary role of the firm is the integration of knowledge. (...) Integration of specialist knowledge to perform a discrete productive task is the essence of *organizational capability*, defined as a firm’s ability, to perform repeatedly, a productive task which relates either directly or indirectly to a firm’s capacity for creating value through effecting the transformation of inputs into outputs.”

Zander and Kogut (1995: 76) reinforced this view by stating that the capabilities of a firm are primarily related to “the organizing principles by which individual and functional expertise is structured, coordinated, and communicated.”

Grant (1996b) proposed that knowledge integration for the formation of capabilities can be executed in organizations in three ways.

- 1) **Rules and Directives:** rules can be viewed as standards that regulate the interactions between individuals. Rules and directives represent a means through which tacit knowledge can be converted into readily comprehensible explicit knowledge (Grant, 1996b). They are comprised by a set of procedures, heuristics, and instructions developed through the articulation of specialists' tacit knowledge for efficient communication to (and application by) a large number of individuals that are non-specialists and specialists in another area (Alavi and Tiwana, 2002; Grant, 1996b);
- 2) **Organizational Routines:** "routines refer to organizational protocols, process specifications, and interaction norms through which individuals apply and integrate what they know without having to communicate it explicitly" (Alavi and Tiwana, 2002: 1031). The routines represent the accumulated knowledge of the organization that is developed via learning processes. They incorporate the organizations' skills, capabilities, culture and belief systems, and are transmitted through time. In Nelson and Winter's (1982) own words these processes constitute the "organizational genetics" or the "organizational memory."

According to Grant (1996b,) routines possess the interesting ability to support complex patterns of interaction between individuals in the absence of rules and directives or even verbal communication. In this sense, they incorporate the notion of coordination by mutual coordination. "The advantage of routine in integrating tacit knowledge is in economizing upon communication and permitting flexible responses to changing circumstances." (Grant, 1996a: 385)

- 3) **Self-Management Teams:** refer to a knowledge integration mechanism for complex and non-routine organizational tasks especially when task uncertainty, novelty, and complexity preclude the use of existing routines or directives (Alavi and Tiwana, 2002). As opposed to the two other aforementioned mechanisms, self-management teams are employed in situations where there is the need for more personal and communication intensive forms of integration (Grant, 1996b).

"Through a team structure, diverse knowledge and expertise of individuals at various locations in an organization can be assembled, integrated, and applied to the task at hand. Rich communication, collaboration, and creative conflict characterize knowledge integration in teams. Reconfiguration of distributed organizational knowledge using team structures facilitates innovation beyond that possible from using solely directives and routines" (Alavi and Tiwana, 2002: 1030).

In addition to the above mechanisms, and as part of organizational capabilities requirements for the promotion of the integration of knowledge, aiming at the construction and development of technological capabilities, Grant (1996a) put emphasis on the importance of existing correspondence between knowledge integration capabilities and the organizational structure. Based on the premise that the capabilities of the firm need to be hierarchically structured according to the scope of knowledge which they integrate, Grant (*ibid*) called attention to the



importance of a close correspondence of the capabilities' hierarchy to the hierarchic structures (authority-based) needed for managing their integration.

“(...) if knowledge is to be integrated effectively by the firm, the architecture of capabilities must have some correspondence with the firm's structure of authority, communication, and decision making, whether formal or informal” (Grant, 1996a: 378).

For the purpose of this research, the mechanisms of integration of knowledge:

- a) To promote the development of technological capabilities proposed by Grant (1996a and 1996b) (rules and directives, organizational routines and self-managed teams), and
- b) The degree of correspondence between technological capabilities/knowledge with the organizational structure of authority, communication, and decision-making,

whether formal or informal represent the control beliefs associated with the organizational capabilities required to promote knowledge accumulation.

It is expected that managers who perceive that his or her company holds these organizational capabilities are likely to be more prone (willing) to engage in eco-innovation processes.

Table 5.29 lists the beliefs, referred to in the foregoing paragraphs that may be held by leaders in the industrial organization in relation to their companies' control over the organizational capabilities that may represent incentives for them to engage in eco-innovation activities in Green Chemistry and Green Engineering

*Table 5.29- Behavior control beliefs used to assess organizations leader's perceptions related to the control over the companies' organizational capabilities that can help companies to engage in eco-innovation processes*

Knowledge integration mechanisms	Rules and directives Organizational routines Self-management teams	Capabilities/knowledge and organizational structure correspondence	Hierarchies of capabilities correspondence with authority-based hierarchies
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Source: author

Table 5.30 presents the statement from the questionnaire related to perceptions about the control over the companies' organizational capabilities.

*Table 5.30- The statement used in the questionnaire pertaining to the organizations' leaders' perceived control over the companies' organizational capabilities. (The complete questionnaire is in Appendix E)*

Our company holds individuals that possess critical knowledge who can help our organization in successfully engaging in processes of acquisition and/or development of cleaner and more environmentally sustainable Green Chemistry and Green Engineering based technologies.						
-3	-2	-1	0	1	2	3
strongly disagree	quite	slightly	uncertain	slightly	quite	strongly agree

### **Perceived Behavioral Control Behavior Domain 2: Actors and Networks**

In the perception of the author of this thesis research, one important approach in trying to understand the SSI framework, as well as innovations systems, as a whole, is a metaphorical one. Innovations do not come out of the blue produced by spontaneous and inanimate generation processes. Innovations are a product of animate (living) processes whose driving forces for the creation of knowledge, technologies and artifacts reside on the social integration, cognitive capacity and learning capabilities of individuals or group of individuals gathered and interacting, in associations and organizations, *via* the establishment of relations of various types and strengths.

Metaphorically, it can be argued that human relationships and interactions are the powerhouse of the innovations in sectors. It is then comprehensible that actors and networks constitute one of the building blocks of SSI (cf. Malerba, 2002, 2004, 2005a and 2005b). The human element and the relationships that they constitute provide the driving force for the creation of innovative solutions for the challenges faced by societies.

According to Malerba (2002: 255), firm's behaviors follow evolutionary paths in the sense that "they are characterized by specific beliefs, expectations, competencies and organization and are engaged in processes of learning and knowledge accumulation". These characteristics are ultimately and fundamentally associated with the human individual and collective activities.

Malerba (*ibid*) also identified firms as the key actors in SSIs. This was grounded on the fact that in the spectrum of their activities, innovation, production and sale of sectoral products and the generation, adoption and use of new technologies occupy a central and fundamental place.

Although firms are central to SSI, no element (actor) innovates in isolation. Knowledge and innovation are produced amidst collective, systematic and interactive dynamic processes in the realm of interdependent and interdisciplinary network structures. Firms interact *through* market and non-market relations with a variety of heterogeneous actors (firms and non-firms organizations) holding complementary capabilities and knowledge "for the generation and

exchange of knowledge relevant to innovation and its commercialization” (Malerba, 2005a: 66).

In SSI, networks types and modes of functioning can be as distinctive as sectors’ number of agents, extent and types of relationships; relevant knowledge base; learning processes; basic technologies; characteristics of demand; key links and dynamic complementarities. This produced the emergence of the concept of “sectoral structure”. The notion of “sectoral structure” is different from the one used in industrial economics, in which it is mainly related to the concept of market structure and of vertical integration and diversification. In the SSI domain, the sectoral structure concept is associated with the links among artifacts and relationships among agents (Malerba. 2002, 2004, 2005a).

With regard the chemical sector, according to Cesaroni *et al.* (2004), the most relevant actors are represented by the established chemical companies, which have a long tradition in innovation and R&D and constitute a science and technology intensive sector. They innovate *via* the establishment of dynamic interactions with academic organizations, individual firms, and government policies.

These authors emphasized the importance of the linkages between internal corporate capabilities, external sources of scientific knowledge (research institutes, universities, specialized engineering firms etc.) and the supply and the demand side (users) in innovation processes in the chemical sector.

As suggested by empirical evidence, knowledge creation and innovation are increasingly an outcome of formal and informal interaction among actors belonging to the same organization or from different market and non-market organizations (Cesaroni *et al.*, *ibid*).

The dynamics of the relationships of interdependent agents are covered by a vast array of subjects, which are covered elsewhere. For the purposes of this research, the core interest resides on the extent to which the possession of capabilities, at personal and organizational levels, to form and participate in strategic alliances and networks of collaboration, can help to predict and explain firms’ willingness (intention) to deliberately engage GCE-based innovation activities.

Based on the arguments posed on the previous paragraphs, it is proposed that the determination and the measurement of the strength of the beliefs, associated with the actors and networks behavioral domains, can give a substantial contribution to explain and predict managers’ willingness to engage in such processes.

Based on Montalvo Corral (2002), such control beliefs arise from the following realms: (1) the availability of key actors holding the required capabilities (internal and external to the firm), (2) the capability of forming strategic alliances with external actors and (3) the capability of forming networks of collaboration.

- 1) Availability of internal actors with key capabilities:** refers to actors that are part of the company staff who can influence the establishment and development of innovation processes. They contribute with knowledge, initiative power, leadership and supporting capacity. Key characteristics for agents in these processes may be

related to their polifunctionality and critical technological knowledge. This allows for good integration throughout the innovation network and a strong exploratory power in the search of new technological opportunities.

As communication and commitment are central to innovation processes, key influential agents are required to have strong potential of influence power and responsibility for defending, motivating and participating in cleaner technologies culture building as well as in supporting initiatives for the firm's engagement in innovation processes aiming at increasing states of corporate environmental sustainability and competitiveness (Montalvo Corral, *ibid*).

- 2) **Strategic Alliances with external actors:** refers to a relationship between two or more parties to pursue a set of agreed upon goals or to meet a critical business need while remaining independent organizations<sup>90</sup>. Montalvo Corral (*ibid*: 99) quoting Porter (1993) gave a definition of strategic alliances. He described "strategic alliances as informal business relationships characterized by tight operational linkages". These business relationships are organized around collaboration, not hierarchical power.

Further, Montalvo Corral (*ibid*) proposed four aspects that are necessary to support firms' strategic alliances: (a) strategic synergies, (b) availability of support and commitment from the top commitment, (c) the possibility to achieve influence via cooperation and (d) outsourcing opportunities. He discussed these issues in more details in his book from which this thesis author extracted the following paragraphs:

- a) **Strategic synergies** relate to the challenge to identifying the right partners in terms of:
- **Strategic fit:** concerns the strengths and complementarities in innovative technical know-how;
  - **Chemistry fit:** relates to truth, honesty, common success commitment, good reputation, predictability under pressure and creativity in the face of adversity that prospective partnering may need to have;
  - **Operational fit:** relates to the reference framework upon which prospective partners operate their respective business (business strategies, communication methods, management styles, labor relations, technologies and business government relations)"
  - **Financial fit:** it is proposed by this thesis author and relates to the availability of prospective partners who share common interests and are interested in financing eco-innovative activities (development or acquisition of innovative products or production processes). Investment capital can take the form of venture capital or loan capital that is available and attractive to the company.

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<sup>90</sup> [http://en.wikipedia.org/wiki/Strategic\\_alliance](http://en.wikipedia.org/wiki/Strategic_alliance). Accessed in September, 2012

- b) **Support and commitment** relates to the support and commitment from key elements within the organization to the establishment of strategic alliances aiming at innovation activities:
- CEO and shareholders support and commitment that the company may have to engage in the outsourcing of new environmentally benign technologies represent one of the main supportive elements for the establishment of strategic innovation alliances;
  - The perception of opportunities of the establishment of win/win relations between prospective partners may be a convincing element for support acquisition;
  - The same is valid when there is the existence of pro-environmental values;
  - Previous successful alliances experiences are also a significant factor for supportive behavior;
- c) **Cooperation and influence** relates to the capability to influence suppliers (inputs and technologies) for the development of critical cleaner substitute inputs for and for new process technologies as well as customers for the development of cleaner consumer products.
- d) In the topic of “**outsourcing opportunities**” regarding strategic alliances, Montalvo Corral (*ibid*) highlighted the view of diverse authors that cooperation between firms can provide leverage for off-the-shelf technological and know-how resources and opportunities specifically in the fields of life-cycle analysis expertise, cleaner products and cleaner processes technologies.
- 3) **Networks of collaboration:** is a network consisting of a variety of entities (e.g. organizations and people) that are largely autonomous, geographically distributed, and heterogeneous in terms of their operating environment, culture, social capital and goals, but that collaborate to better achieve common or compatible goals. “The discipline of collaborative networks focuses on the structure, behavior, and evolving dynamics of networks of autonomous entities that collaborate to better achieve common or compatible goals”<sup>91</sup>. The concept of networks captures essential characteristics of social structures made up of a range of agents, whether they are individuals or groups of individuals forming a wide variety of organizations. According to DeBresson and Amese (1991) the concept of networks is built upon important peculiarities in the supplier-user relationships, regional agglomerations, and international strategic technical alliances.

Montalvo (2002) argued that networks of collaboration were the routes through which knowledge and ideas about technology, products and environmental issues permeate into the firm. External networks of collaboration are particularly important in the understanding of global and large scale environmental problems. External collaboration with users and external sources of technical expertise has been identified to be of central importance in the development of innovations (Freeman, 1991).

In a complex and knowledge intensive sector, such as the petrochemical sector, one may find a profusion of collaboration networks for the development of innovative

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<sup>91</sup> [http://en.wikipedia.org/wiki/Collaborative\\_network](http://en.wikipedia.org/wiki/Collaborative_network). Accessed in September, 2012.

solutions for the multitude of environmental and economic sustainability challenges that firms currently have.

In this research, as an adaptation of the work by Cesaroni *et al.* (2004) on the processes of knowledge creation and diffusion in the chemical sector, this author identified the following actors as central for companies to promote collaboration GCE based eco-innovation networks:

- Public R&D laboratories;
- Providers of raw-materials and other inputs;
- Consultancies;
- Sectoral inter-firms collaboration, and
- Specialized engineering firms (SEF).

It is important to note that this small list does not necessarily define the borders of the collaborative networks focused upon eco-innovation in the petrochemical sector. Since it is a dynamic process, new and unprecedented possibilities may emerge according to the needs. “A network can be comprised of two companies at its core, but also may include their supplier networks and other firms, and a chain of linkages” (Clark and Staunton, 1989: 177).

It was proposed that manager’s connotative accumulated belief of the perceived ease or difficulty to engage in eco-innovation strategic alliances and collaborative innovation networks is proportional to their perceived control over these beliefs.

Table 5.31 lists the beliefs, referred to in the foregoing paragraphs that may be held by leaders in the industrial organization in relation to their companies’ control over the actors and networks that are required for the companies to engage in eco-innovation activities.

*Table 5.31- Behavior control beliefs used to assess organizations leader’s perceptions related to the control over the actors and networks that are required for the companies to engage in eco-innovation activities*

Availability of Internal Actors holding key capabilities	Polifunctionality and technological knowle Influence Power and responsibility Culture building, motivation and participa	Networks of collaboration	Public R&D laboratories Providers of raw-materials and other inputs Consultancies Colaboration with companies within the sector Specialized engineering firms (SEF)
<b>Strategic alliances with external actors</b>			
Strategic synergy	Strategic fit Chemistry fit Operational fit Financial fit	Support and commitment	Win/win negotiations Values pro-environment Support from CEO and shareholders Previous alliances experiences
Cooperation - influence	With suppliers (inputs) With suppliers (process technologies) With customers	Outsourcing opportunities	Life-cycle analysis expertise Clean product technologies Clean process technologies

Source: author and adapted from Montalvo Corral (2002)

Table 5.32 contains the statement from the questionnaire related to perceptions about the control over the actors and networks.

*Table 5.32- The statement used in the questionnaire pertaining to the organizations' leaders' perceived control over the actors and networks. (The complete questionnaire is in Appendix XX)*

Concerning the investments in new innovative technologies based in green chemistry and green engineering, finding partners for strategic alliances that ensure trust, honesty, win/win commitment, good reputation is:						
-3	-2	-1	0	1	2	3
very unlikely	quite	slightly	uncertain	slightly	quite	very likely

### **Perceived Behavioral Control Behavior Domain 3: Institutions**

In the previous section, the creation of knowledge, competences and the production of innovation were presented as a consequence of the dynamic interaction between socio-economic actors. Such interactions were considered to occur through the formation of networks in their many functional and structural forms. According to Nooteboom (2000), networks within and between firms generate social capital. Competence and knowledge are among the important elements of the firms' social capital and are fundamental to innovation.

Although innovation processes are complex systems and hold a high degree of uncertainty, innovation systems are not uncontrollable. Social-economic agents in innovation systems interact under general and specific sets of social and economic behavioral control elements named institutions, which establish the required order for those systems and networks to function and to exist.

“Just as social order cannot exist in the face of extreme uncertainty and requires customs norms and rules to reduce this, so does economic order” (van Waarden, 2001: 770).

Nooteboom (*ibid*) argued that the result of these inter-firm interactions is largely determined, coordinated and shaped by the institutions. They directly affect innovation outcomes. Institutions play a major role in sectoral systems. They affect the rate of technological change, the organization of innovative activity and performance (Malerba, 2005b). Institutions can be defined as:

“(…) a set of common habits, norms, routines, established practices, rules or laws that regulate the relations and interactions between individuals, groups, and organizations. They are the rules of the game.” (Edquist, 2005: 182).

“(…) a ‘more or less enduring sets of social *mutual expectations* crystallized in *rule systems*’. Rules — both formal and informal — define what is to be expected of social actors in a specific *role* and a specific *social situation*. Rules

tell us something about the *intentions* others may have in a given situation and how they are likely to *behave*” (van Waarden, 2001: 770. Original italics)

Technical innovation is, by its nature, probably one of the most risk and uncertainty bearing activities in the economic order (Jorde and Teece, 2001; van Waarden, *ibid*). This stems from both the uncertainties surrounding the development of new knowledge and technologies and the risks and uncertainties inherent to the human relationships in the economic domain.

Rules express behaviors that are required from individuals and groups of individuals gathered in the form of organization in specific contexts and situations. Institutions (rules, norms, habits, conventions etc.) are seen as social, political and economic constructs whose major function is to regulate behavior and reduce risk and uncertainty “to manageable levels by decreasing the unpredictability of mutual social expectations and the arbitrariness of social behavior” (van Waarden, *ibid*: 770). They can be a product of deliberated planned decision or may emerge as an unpredicted result of agent’s interactions (Malerba, 2005b).

On the one hand, the structure of a technical innovation network can be variable and may evolve through time and according to the needs and type of agents’ interaction. On the other hand, the boundaries of institutions can expand and evolve *via* contributions from an ample spectrum of societal agents as it is remarked by Nelson, (1994: 57):

“(…) the evolution of institutions relevant to a technology or industry may be a very complex process, involving not only the actions of private firms, but also organizations like industry associations, technical societies, universities, courts, government agencies, legislatures, etc.”

As the evolution and dynamics of institutions in the innovation system’s domain are not comprised within the scope of this thesis research, they were intentionally left out of the analysis.

This thesis research proposes that managers are likely to be more prone to engage in eco-innovation activities if they perceive that the current institutional set pertaining to the: (a) organizational, (b) legal, (c) economic, social and ethical, and (d) political and public realms provide their companies with satisfactory protection against imitation, facilitate and guarantee the appropriability of knowledge and innovation benefits and regulate and shape companies’ relationships with other actors (formal and informal and market and non-market).

In this thesis research, institutions are meant to regulate and coordinate agents’ relations in the domain of eco- innovation processes.

Table 5.33 lists the beliefs, referred to in the foregoing paragraphs that may be held by leaders in the industrial organization in relation to their companies’ control over the institutional set that can support eco-innovation processes.



*Table 5.33- Behavior control beliefs used to assess organization's leader's perceptions related to the control over the institutional set that can support innovation processes*



Source: author

Table 5.34 presents the question from the questionnaire related to perceptions about the control over the actors and networks.

*Table 5.34- The question used in the questionnaire pertaining to the organizations leaders' perceived control over the institutional set. (The complete questionnaire is in Appendix E)*

To what extent do the social and ethical institutions, that are present in your company's commercial and non-commercial relationships, provide the required degree of confidence and protection for its engagement in Chemistry and Green Engineering based eco-innovation activities?						
-3	-2	-1	0	1	2	3
very low	quite	slightly	uncertain	slightly	quite	very high

It is proposed that the managers' perceived control over the beliefs presented above is proportional to their connotative accumulated belief of the perceived ease or difficulty to engage innovation activities. This perception was contingent upon the presence or absence of the required support from the current institutional structure at organizational, local, regional, national and international levels.

### 5.3 Behavioral Model Hypotheses System

In the industrial domain, technological changes to new paradigms represent a substantial challenge. Special emphasis can be placed on those changes towards new technological solutions that are based on novel knowledge and on approaches that deviate from companies' established knowledge and technological bases. For such efforts to be successful, it may be required that substantial changes occur in the way companies see the challenges posed by the surrounding environmental, social and economic landscape in the short, medium and long-term.

Changes may implemented in a wide spectrum of interrelated and interdependent variables that comprise, *inter alia*, personal, broad social, technological, organizational and institutional factors that permeate companies' technological, knowledge and organizational structures. These factors can give the firm an estimate or a vision of not only what it is today, but also what it may need to become in the future.

This thesis research was focused on technological changes related to the environmental sustainability challenges posed by the market and the society on the companies in the Brazilian petrochemical sector. These changes are, at a basic level, interpreted as changes on companies' perceptions and on the belief system relative to their sustainability challenges.

In this respect, the adoption of novel knowledge and technological approaches is considered to be a result of changes in the company's behavior. In this thesis research, this behavioral change referred to the engagement of companies in eco-innovation activities that are based on the principles that are predicated by Green Chemistry and Green Engineering. As noted in Chapter 3, one of the main theoretical elements used to predict and explain the likelihood of companies to promote such behavioral change was extracted from the Ajzen's (1991) "Theory of Planned Behavior (TPB)".

The TPB established a causal relation between beliefs and behavior. Beliefs influence attitudes, perceived social factors<sup>92</sup> and perceived behavioral control. They, in turn, determine behavior intention, which is the immediate determinant of the performance of a behavior. According to Montalvo Corral (2002), the TPB is essentially a system of hypotheses linking beliefs to behavior with each hypothesis requiring empirical verification.

The TPB based structural descriptive behavioral model of the likely determinants of the willingness to innovate in GCE, developed in this thesis research (cf. Figure 5.8), was used for the construction of this thesis' underlying system of hypotheses presented in Table 5.35. Based on the hypothesized causal relations, the theoretical framework of the model was tested and validated using empirical data. The empirical validation of the model is presented in Section 6.6 and in Appendices B and C.

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<sup>92</sup> "Social factors" refer to the social construct that in the case of this research includes social norms, roles, personal norms and self-identity elements that may influence behavioral intention. It is the approach used for the purposes of this research and deviates from the original TPB social construct, which was comprised of only the "social norm".

The construction of the system of hypotheses was in agreement with the TPB's theoretical foundations, with the proposed relationships between direct and belief-based measures and followed the same structure, explanatory levels and hierarchical sequence proposed by Montalvo Corral (2002).

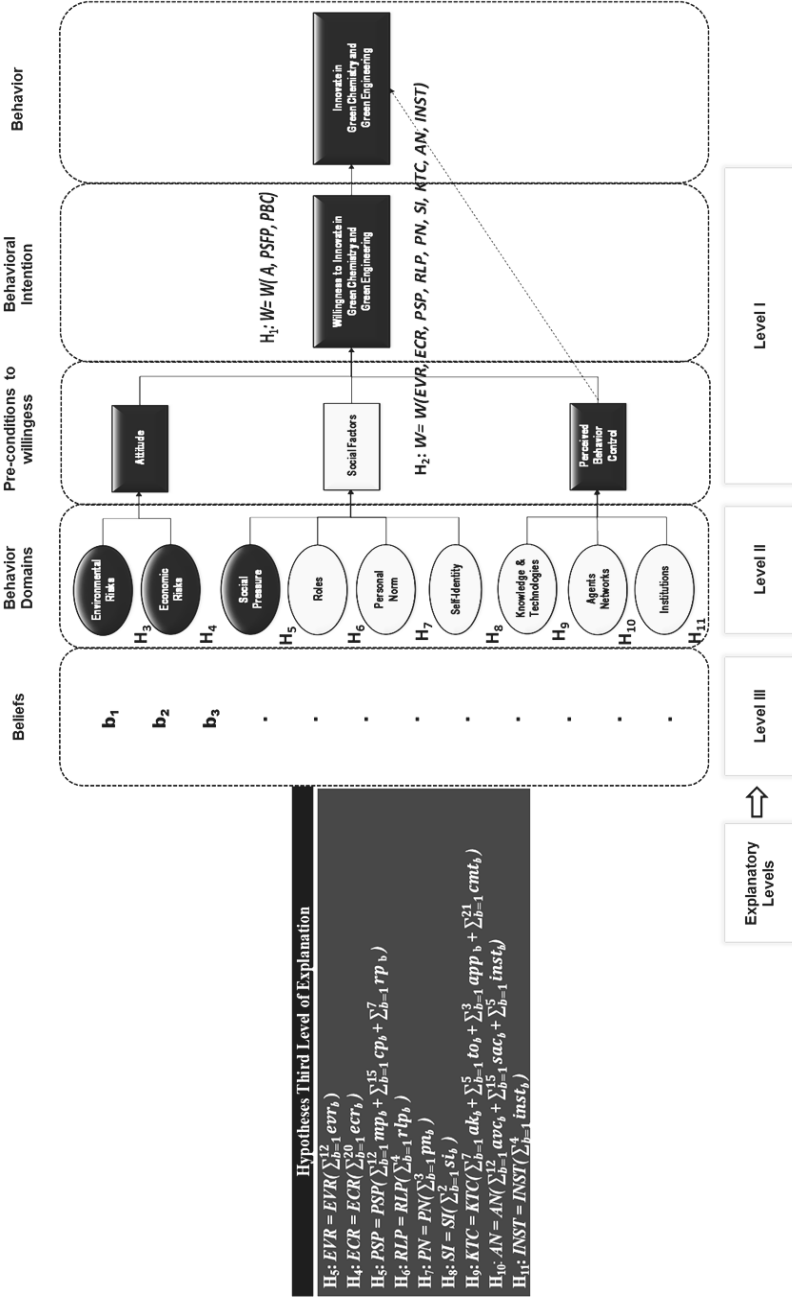
In this regard, the system of hypotheses just like this thesis researcher's behavioral model was divided in levels of explanation of willingness to engage in eco-innovation activities (cf. Figure 5.7). According to Montalvo Corral (2002) these levels are three in number and are described in the following fashion:

- a) In the first level of explanation it was proposed that willingness can be explained by attitudes towards the behavior (*A*), the perceived pressures originated from social factors (*PSFP*) and the perceived control over the requisites and opportunities regarding eco-innovation processes (*PBC*);
- b) The second level of analysis was proposed that willingness can be explained by the nine behavioral domains (*EVR, ECR, SP, RLP, PN, SI, KTC, AN, INST*) pertaining to each of the three behavioral constructs (*A, PSP and PBC*), and
- c) The third level of explanation was proposed that each behavioral domain captures, in a single item, the accumulated connotative load that the scale (beliefs) in this a particular domain contains.

“The aim of the system of hypotheses was to test whether, within the environmental policy realm, it is possible to link salient beliefs to the perceptions at the domain level and, in turn, to be able to link these perceptions to the willingness to innovate. If the links are proven to exist, a chain of causality that connects the beliefs to willingness to innovate and ultimately to behavior would be established.” (Montalvo Corral, 2002: 106)

These relations and their underlying hypotheses are presented in Figure 5.7 and Table 5.35.

Figure 5. 7- Hierarchical levels and hypotheses system of the behavioral model to predict and explain firms' willingness to innovate in Green Chemistry and Green Engineering



Notes: (a) The elements within the behavioral model's structure showed in dark color represent the original elements that were present in Montalvo Corral's model. (b) The ones depicted in light color represent the modifications that have been introduced by this thesis author. (c) It was agreed that, for the purposes of this thesis research, the acronyms representing the behavioral domains were written in capital letters and those representing the beliefs were written in lower case letter.

Source: author - adapted from When de Montalvo (2003)

Table 5.35- System of hypotheses that were used to test the links between beliefs and perceptions at the domain level and the perceptions to the willingness to eco-innovate at the firm level

HYPOTHESES		PROPOSITION	EQUATION	REMARKS
<b>H<sub>1</sub></b>	The firms' willingness ( <i>W</i> ) to engage in eco-innovate activities based in GCE can be explained in terms of <i>attitudes</i> towards green chemistry and green engineering – GCE - ( <i>A</i> ), the <i>perceived social and personal pressures</i> and demands towards firms' pro-environmental behavior ( <i>PSFP</i> ), and the <i>control over the requisites and opportunities</i> to eco-innovate based on GCE ( <i>PBC</i> ).		$H_1: W = W(A, PSFP, PBC)$	<i>A</i> , <i>PSFP</i> and <i>PBC</i> = direct measures of attitude, perceived social factors pressures and perceived behavior control.
<b>EXPLANATORY LEVEL II – DOMAIN LEVEL</b>				
<b>H<sub>2</sub></b>	The firms' willingness ( <i>W</i> ) to innovate in GCE depends on the perceptions of the: <i>environmental risk (EVR)</i> , <i>economic risk (ECR)</i> , <i>social norm pressure (SP)</i> , <i>roles (RLP)</i> , <i>personal norm pressure (PN)</i> and <i>self-identity (SI)</i> , <i>knowledge and technologies (KTC)</i> , <i>agent and networks (AN)</i> and <i>institutions (INST)</i> .		$H_2: W = W(EVR, ECR, PSP, RLP, PN, SI, KTC, AN, INST)$	<i>EVR</i> , <i>ECR</i> , <i>PSP</i> , <i>RLP</i> , <i>PN</i> , <i>SI</i> , <i>KTC</i> , <i>AN</i> and <i>INST</i> = direct measures at the behavioral domains level of the perceived environmental risks, economic risks, social pressures, roles, personal norms, self-identity; and the perceived control over knowledge and technologies, agents and networks and institutions.
<b>EXPLANATORY LEVEL III – BELIEFS LEVEL</b>				
<b>H<sub>3</sub></b>	Managers' attitude of <i>environmental risk (EVR)</i> is a function of the accumulated connotative load of the beliefs arising from <i>environmental risk perception (evr<sub>b</sub>)</i> .		$H_3: EVR = EVR(\sum_{b=1}^{12} evr_b)$	<ul style="list-style-type: none"> <li>• <i>EVR</i> is the item that assesses environmental risk perception,</li> <li>• <i>evr<sub>b</sub></i> is the <i>b</i>th belief about risk perception,</li> </ul>
<b>H<sub>4</sub></b>	Managers' attitude of <i>economic risk attitude (ECR)</i> towards the engagement in eco-innovation activities based in GCE is a function of the accumulated connotative load of the beliefs arising from the perception of the positive and negative <i>economic</i>		$H_4: ECR = ECR(\sum_{b=1}^{20} ecr_b)$	<ul style="list-style-type: none"> <li>• <i>ECR</i> is the item that assesses economic risk perception,</li> <li>• <i>ecr<sub>b</sub></i> is the <i>b</i>th belief about risk perception.</li> </ul>

HYPOTHESES		PROPOSITION	EQUATION	REMARKS
		consequences for the firm that may result from the engagement in eco-innovation activities ( <i>ecr</i> ).		
<b>H<sub>5</sub></b>	Firms' <i>perceived social pressure (PSP)</i> towards the engagement in eco-innovation activities based in GCE is a function of the managers' accumulated connotative load regarding the perceived intensity and strength of the pressures exerted by the <i>market (mp)</i> , the <i>community (cp)</i> and by the environmental <i>regulatory</i> domain ( <i>rp</i> ) on them and on the firm.		$H_5: PSP = PSP \left( \sum_{b=1}^{12} mp_b + \sum_{b=1}^{15} cp_b + \sum_{b=1}^7 rp_b \right)$	<ul style="list-style-type: none"> <li>• <b>PSP</b> is the item that assesses social pressure perception,</li> <li>• <b>mp<sub>b</sub></b> is the <i>b</i>th belief about market pressure perception,</li> <li>• <b>cp<sub>b</sub></b> is the <i>b</i>th belief about community pressure perception,</li> <li>• <b>rp<sub>b</sub></b> is the <i>b</i>th belief about regulatory pressure perception.</li> </ul>
<b>H<sub>6</sub></b>	Managers' <i>perceived role pressure (RLP)</i> towards the engagement in eco-innovation activities based in GCE is a function of the managers' accumulated connotative load regarding their perceived ideas about the <i>correct (environmental) behavior for his role as a manager or company leader (rlp)</i> .		$H_6: RLP = RLP \left( \sum_{b=1}^4 rlp_b \right)$	<ul style="list-style-type: none"> <li>• <b>RLP</b> is the item that assesses role pressure perception,</li> <li>• <b>rlp<sub>b</sub></b> is the <i>b</i>th belief about role pressure perception.</li> </ul>
<b>H<sub>7</sub></b>	Managers' <i>perceived personal (moral) norm pressure (PN)</i> towards the engagement in eco-innovation activities based in GCE is a function of the managers' accumulated connotative load regarding their perceived personal moral obligation related to their engagement in eco-innovation activities and the promotion of pro-environmental changes in the firms' policies and activities ( <i>pn</i> ).		$H_7: PN = PN \left( \sum_{b=1}^3 pn_b \right)$	<ul style="list-style-type: none"> <li>• <b>PN</b> is the item that assesses personal (moral) norm perception,</li> <li>• <b>pn<sub>b</sub></b> is the <i>b</i>th belief about personal (moral) norm perception.</li> </ul>
<b>H<sub>8</sub></b>	Managers' <i>perceived self-identity pressure (SI)</i> towards the engagement in eco-innovation activities based in green chemistry and green engineering is a function of the managers' accumulated connotative load regarding their social role identities associated with their personal identification with environmental sustainability issues and their self-perception as being innovative, responsible and competent ( <i>si</i> ).		$H_8: SI = SI \left( \sum_{b=1}^2 si_b \right)$	<ul style="list-style-type: none"> <li>• <b>SI</b> is the item that assesses self-identity perception,</li> <li>• <b>si<sub>b</sub></b> is the <i>b</i>th belief about self-identity perception.</li> </ul>

<p><b>H<sub>9</sub></b></p>	<p>The perceived control over the knowledge, technological, capabilities and opportunities (KTC) required for firms' engagement in eco-innovation activities based in GCE is a function of the managers' accumulated connotative load regarding the perceived ease or difficulty of the accessibility to knowledge (ak), technological opportunities (to), knowledge and technological appropriability (app) and knowledge cumulativeness (cmt).</p>	$H_9: KTC = KTC \left( \sum_{b=1}^3 to_b + \sum_{b=1}^4 app_b + \sum_{b=1}^{21} cmt_b \right) + ak_b$	<ul style="list-style-type: none"> <li>• <b>KTC</b> is the item that assesses the control over knowledge and technologies perception,</li> <li>• <b>ak<sub>b</sub></b> is the <i>b</i>th belief about the accessibility to knowledge perception,</li> <li>• <b>to<sub>b</sub></b> is the <i>b</i>th belief about technological opportunities perception,</li> <li>• <b>app<sub>b</sub></b> is the <i>b</i>th belief about knowledge and technological appropriability perception,</li> <li>• <b>cmt<sub>b</sub></b> is the <i>b</i>th belief about knowledge cumulativeness perception</li> </ul>
<p><b>H<sub>10</sub></b></p>	<p>The perceived control over the agents and networks (AN) required for firms' engagement in eco-innovation activities based in GCE is a function of the managers' accumulated connotative load regarding the perceived ease or difficulty for their companies to have the availability of internal actors with key capabilities (avc), to establish strategic alliances with external actors (sac) and to form or to join to networks of collaboration (nwc).</p>	$H_{10}: AN = AN \left( \sum_{b=1}^{14} sac_b \sum_{b=1}^5 nwc_b + \sum_{b=1}^5 avc_b \right)$	<ul style="list-style-type: none"> <li>• <b>AN</b> is the item that assesses the control over the agents and networks perception,</li> <li>• <b>avc<sub>b</sub></b> is the <i>b</i>th belief about the availability of internal actors with key capabilities perception,</li> <li>• <b>sac<sub>b</sub></b> is the <i>b</i>th belief about establishment of strategic alliances with external actors perception,</li> <li>• <b>nwc<sub>b</sub></b> is the <i>b</i>th belief about the formation of networks of collaboration (innovation) perception</li> </ul>
<p><b>H<sub>11</sub></b></p>	<p>The perceived control over the institutional requirements and opportunities (INST) that may provide the incentives for firms' engagement in eco-innovation activities, based in green chemistry and green engineering, is a function of the managers' accumulated connotative load regarding the perceived ease or difficulty for them to have the institutional support from the institutional domains (inst) related to the companies' innovation processes in green chemistry and green engineering.</p>	$H_{11}: INST = INST \left( \sum_{b=1}^4 inst_b \right)$	<ul style="list-style-type: none"> <li>• <b>INST</b> is the item that assesses the control over the institutional requirements (for innovate) perception,</li> <li>• <b>inst<sub>b</sub></b> is the <i>b</i>th belief assesses the control over the institutional requirements (for innovate) perception.</li> </ul>

Source:author

## 5.4 Summary

Chapter 5 provided a full description of the development of the behavioral operational model used in this thesis research. Currently, petrochemical companies are facing a multitude of challenges related to their environmental and business sustainability. According to this thesis author, understanding the processes of technological change towards eco-innovative, cleaner and more sustainable products, processes and services can help companies to steer their efforts to the right direction

It should be highlighted that the solutions for a sustainable chemical industry are yet to be created. Their creation is dependent on the processes by which society innovates. Innovation processes are fundamentally complex and socially constructed. They can be initiated and accomplished only if sufficient incentives and pressures are present and if societies perceive them as a need. Stated differently, no innovation can be produced or innovation processes cannot exist in the absence of willingness to innovate on the part of socio-economic agents.

In this regard, the behavioral model presented in Chapter 5 was designed to help to predict and to explain if/why the managers in the Brazilian petrochemical sector are or are not willing to engage in eco-innovation processes that are based on the principles that are predicated by the GCE frameworks.

Constructed under the theoretical framework of the “Theory of Planned Behavior (TPB)” (Ajzen, 1991), this research’s behavioral model is a modification to Montalvo Corral’s (2002) TPB based structural behavioral model. It was designed to explain and predict eco-innovative behavior, which extends the potential determinants of the organizations to engage in the innovation processes.

In regard to these extensions, and in relation to Montalvo Corral’s (2002) model, two theoretical domains were configured as central: (a) the modifications to the model’s social construct *via* the inclusion of roles beliefs, self-concepts (Triandis, 1977) and personal moral norms (Schwartz, 1977), and (b) the incorporation of the framework of the “Sectoral Systems of Innovation” (SSI) (Malerba, 2002, 2004, 2005a, 2002b) into the behavior control construct.

Regarding its contents, the elements of the model’s behavioral domain and their associated beliefs system were defined and mapped from the relevant literature. They include a variety of theoretical elements that supported the construction of the model and are in line with the objectives of this research.

As previously noted in Section 3.2.1 of Chapter 3, this clarifies and reinforces the model’s meta-theoretical character of the TPB as an organizing framework.

Following the TPB, this model can be interpreted as follows in a cause and effect relationship:

- a) **The behavior** regarding companies engagement in GCE-based eco-innovation activities can be determined and explained by their intentions (**willingness**) to engage in such behavior;
- b) Companies’ **willingness** to engage in such innovation activities is contingent on their managers’ **attitude** towards innovating in GCE, on the pressures exerted by **social**



**factors** towards greener processes and products and on the perceived presence or absence of requisite resources and opportunities for innovating (**perceived control over innovation**);

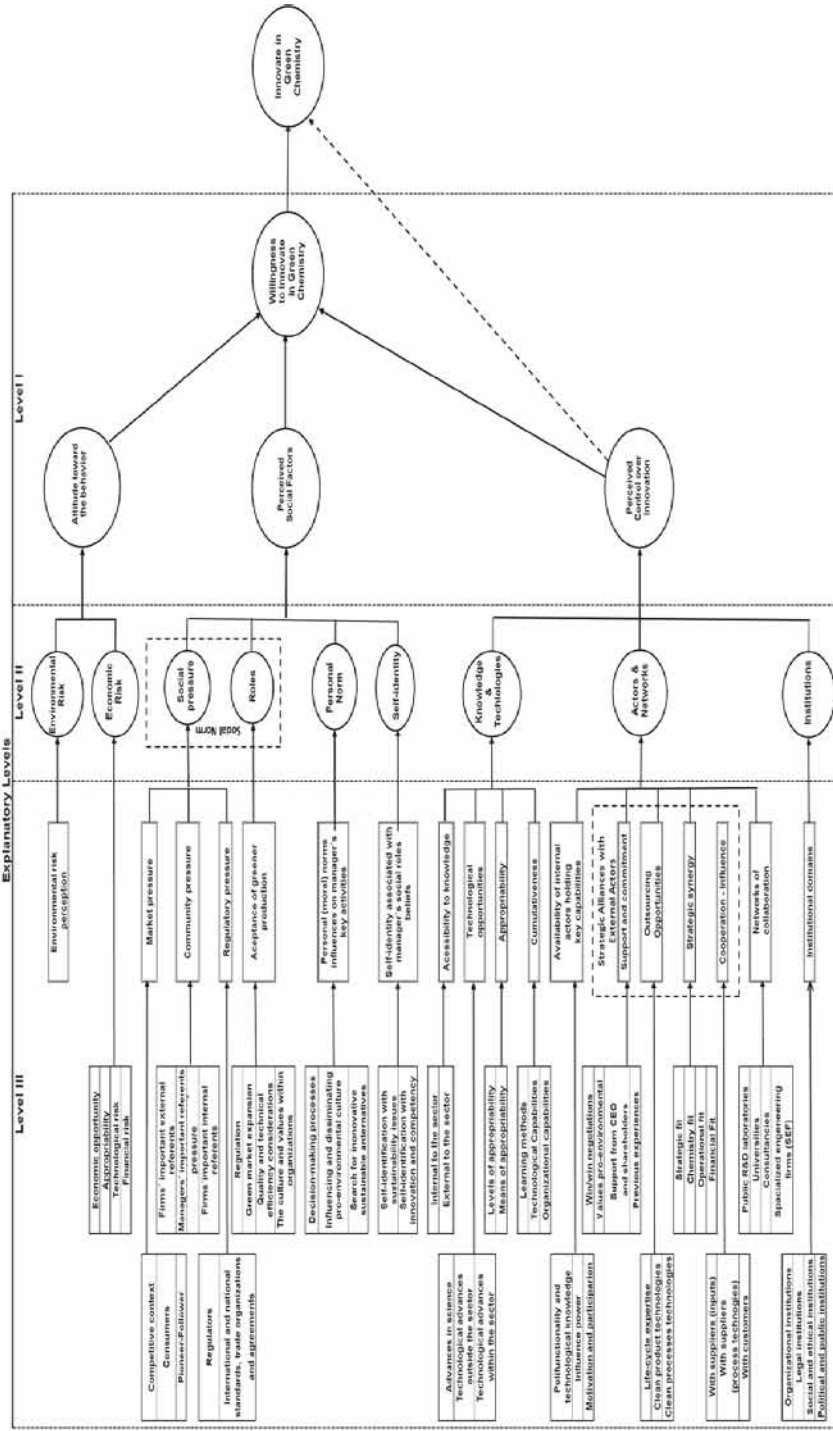
- c) **Attitude, social factors** and **perceived control over innovation** are assumed to be constructed by the groups of **behavioral domains** and their underlying beliefs.
- a. “**Attitude**” refers to the degree to which managers’ beliefs have a favorable or unfavorable evaluation or appraisal of engaging in eco-innovation activities;
  - b. “**Social factors**” refers to the societal and personal pressures. It is related to the beliefs held by “key individuals about the expectations of the social context within which their organizations operate” (Wehn de Montalvo, 2003: 97). It also relates to other social beliefs associated with their professional roles and their self-identification with the environmental causes. Finally, it regards managers’ personal moral norms of performing pro-environmental behaviors.
  - c. “**Control over innovation**” refers to beliefs related to the perceived ease or difficulty of engaging in GCE-based eco-innovation activities. It is assumed to be associated with to the presence or absence of resources and opportunities and to reflect past experience and anticipated impediments and obstacles.

This model was operationalized via a structured quantitative questionnaire that was applied to key managers and decision-makers in firms in the Brazilian petrochemical sector (cf. Chapter 6 and Appendix E). A system of hypotheses was generated from the model in order to test it against the collected empirical data.

The data produced by the application of the qualitative questionnaire allowed for the measurement and the explanation of companies’ willingness to engage in GCE-based eco-innovation processes and for the determination of its determinants. In parallel, these data were used to document the verification of the reliability of the qualitative questionnaire and to the validity of the model. These issues are covered in Chapter 6.

The full research’s structural descriptive model is depicted in Figure 5.8.

Figure 5.8- Research's full structural descriptive behavioral operational model to predict and explain companies' willingness to engage in eco-innovation activities that are based on Green Chemistry and Green Engineering



## **6. Companies' Planned Behavior in Eco-Innovating in Green Chemistry and in Green Engineering**

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### **6.0 Introduction**

This thesis research was designed to contribute to worldwide efforts to reverse the current trend of environmental overshooting. Reversing such trend requires huge amounts of change in the perceptions and beliefs, at the individual and societal levels, of the true requirements for a more sustainable world (economically, socially and environmentally). There is a mutual influence mechanism between individuals and society (cf. Chapter 1 and 4), which underscores the fact that decision-making processes are socially constructed processes.

This research was based upon the perspective that these changes are associated with individuals' behaviors and proposed that technological eco-innovation, that is based on Green Chemistry and Green Engineering (GCE), can provide important inputs on the path to be taken as society transforms itself and journeys toward more sustainable societal lifestyles.

This thesis research's objective was to gain insights into these mutual individuals-society influences by identifying and measuring individuals' perceptions and beliefs that can represent influence companies' willingness for the adoption of pro-sustainability behaviors. In this study's specific case, the behavior of interest was the engagement, in the next five years, of companies in the Brazilian petrochemical sector in eco-innovation processes that are based on the principles proposed by the GCE frameworks.

In order to accomplish this objective, a structured behavioral model was constructed (cf. Chapter 5) and a quantitative survey was implemented *via* the use of a self-administrated questionnaire (cf. Appendix E). The quantitative questionnaire was developed based on this researcher's behavioral model. It generated empirical data that made it possible for the researcher to map the beliefs that gave positive contributions to willingness formation, which were investigated in-depth in Chapter 7 where the significant willingness determinants were clarified and quantified *via* statistical analyses.

In addition, the data generated by the quantitative survey were submitted to statistical analyses in order to calculate the companies' planned behavior regarding their engagement in eco-innovation processes and to verify the reliability of the questionnaire and the validity of the behavioral model.

The quantitative survey encompassed the full spectrum of Brazilian petrochemical companies that produce basic and intermediate petrochemicals representing a total of twenty-one companies. According to the requisites of the survey, it was applied to companies' managers and important decision-makers (cf. Chapter 4). The profile of the respondents is presented in Table 6.1 and in more details in Appendix G.

Table 6.1- *Profile of the hierarchical levels and of the main activities of the surveyed managers*

Hierarchical Level of the Respondents (%)				
Top Management			Mid Management	
25,7			74,3	
Respondents' Main Activity (%)				
Environmental	Process	Commercial	Products and Processes	Other
16	31	5	32	16

Source: author

In terms of the number of responses, there were surprises. On the one hand, in terms of companies' response rate, it was very acceptable. Ten out of the twenty-one surveyed companies responded the survey (47.6 percent response rate). On the other hand, if individuals were considered, the response rate was much lower than expected. Thirty-six managers and decision-makers engaged in responding to the survey. Issues on the influence of sample size on statistical multiple regression analyses and how statistical data interpretations were conducted were presented in Section 4.6.2.

Chapter 6 presented the results of this survey, and documented the degree of willingness of the respondents (managers) (Section 6.1). Sections 6.2, 6.3 and 6.4 plunged into the analysis of the surveyed managers' attitudinal, normative and control beliefs perceptions (cf. Chapter 3) as a means to understand and explain the underlying motivational factors that can motivate companies to eco-innovate in GCE. Based on the scores obtained by this thesis research's survey, Section 6.5 evaluated the findings of the planned behavior of the firms, in the sample, in respect to their willingness to engage in GCE-based eco-innovation activities. Section 6.6 provided a discussion about the reliability and validity of these measurements and assesses the appropriateness of the model to explain and predict the changes in companies' willingness in the event of changes of the perception of their managers in respect to the willingness determinants.

### **6.1 To What Degree are Companies Willing to Engage in Green Chemistry and Green Engineering-Based Eco-Innovation Processes?**

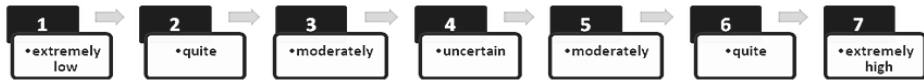
As noted in Section 3.2.1 of Chapter 3, according to Ajzen, (1991), Fishbein and Ajzen (1975) and Triandis (1977), the decision to engage in a behavior is mediated by the behavioral intention. That is, the individual's intention to perform a behavior is the immediate antecedent of the actual behavior performance. Intentions are assumed to capture the motivational factors that influence a behavior.

In this thesis research, intention was interpreted as the companies', in the Brazilian petrochemical sector, willingness to engage in GCE-based eco-innovation activities. The degree of willingness, of the surveyed individuals in the sample, was assessed through the computation of the scores resulting from the response to the questions, in the thesis research's quantitative questionnaire, on their willingness for such engagement.

The criteria used for measuring willingness, as well as all other variables in this Chapter, followed the measurement method that was used in the questionnaire construction (cf. Section 4.4.1 of Chapter 4). Osgood's semantic differential technique was the standard technique that was used to measure the degree of influence that beliefs had on the intention to perform the eco-innovative behavior under study.

The semantic differential technique consisted of providing the respondent with one or more concepts and a set of bipolar adjectives based on which the respondent could make his or her judgment by rating each concept on each scale. In this thesis research, the concepts were judged according to opposing extreme adjectives (low-high, disagree-agree etc.) that were associated with scores that span from 1 to 7 (Figure 6.1).

Figure 6.1- The terms, that describe the semantic differential scale scores in the questionnaire used in this research

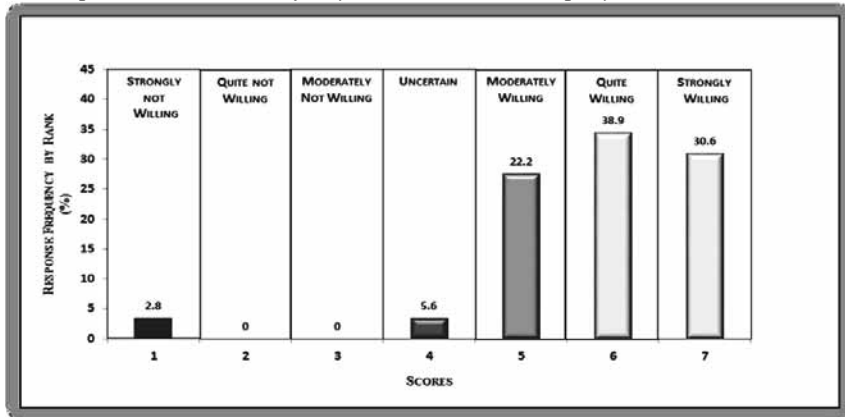


Source: author

Following Montalvo Corral (2002), it was argued that the “low” and the “high” sides of the scale have a connotation associated with, respectively, the non-favorable and favorable preconditions that can induce the behavioral change.

In respect to managers’ and decision-makers’ willingness to engage in GCE eco-innovation processes, the survey results showed that 91.7 percent of the respondents (30.6 percent extremely, 38.9 quite and 22.2 percent moderately strong) demonstrated to be willing to engage in GCE-based eco-innovation processes. On the other hand, a much smaller percentage, 2.8 percent, presented a strong resistance towards such engagement. Finally, 5.6 percent were found to be uncertain. These figures are presented in Figure 6.2.

Figure 6.2- Willingness of questionnaire respondents to engage in GCE-based eco-innovation processes in the next five years within their company



Source: author

These results suggest that the GCE frameworks may have a favorable future in the Brazilian petrochemical sector as long as it is properly promoted and stimulated. This insight was underpinned not only by the factor that the majority of the respondents positioned themselves as strongly and quite willing to adopt the GCE principles and to engage in such innovation processes. It was also based on the potential engagement of the

managers who are currently “only” moderately willing to incorporate GCE as one viable alternative towards a more sustainable chemical industry

The following sections present the preconditions that supported and catalyzed these results.

## 6.2 Mapping Behavioral Preconditions in the Attitude Domain

Section 6.2 presents an analysis on the attitudinal behavioral preconditions associated with the companies’ willingness to engage in GCE-based eco-innovation processes in the next five years.

### 6.2.1 Environmental Risk Perception

The environmental risk perception of the managers, in the Brazilian petrochemical sector, was assessed via the use of the scale developed by Slovic *et al.* (1984) presented in Section 5.2.2, in Chapter 5.

At this point, it is important to observe that the beliefs, originally presented in Chapter 5, were used in the development of the questions or statements, of this thesis research’s quantitative questionnaire, to assess managers’ perceptions. For practical reasons, they were presented again in Chapter 6 to promote a better and easier understanding of the survey results by making clear the association of the beliefs and survey respondents’ perceptions. The questions and the statements that compose the qualitative survey questionnaire are presented in their entirety in Appendix E.

The beliefs associated with environmental risk are presented in Table 6.2. Each of the items numbered *evr1* through *evr12* represents one question or a statement in the scale used to assess manager’s perceptions of the environmental risks (*evr*) at the behavioral domain’s scale level.

Table 6.2- Questions of the thesis research’s questionnaire used to assess managers’ perception of environmental risk

ENVIRONMENTAL RISK		Risk Perception	
<b>•evr1</b>	<b>Controllable</b>	<b>1 2 3 4 5 6 7</b>	<b>Uncontrollable</b>
<b>evr2</b>	<b>Do not have global impacts</b>	<b>1 2 3 4 5 6 7</b>	<b>have global impacts</b>
<b>evr3</b>	<b>Consequences not fatal</b>	<b>1 2 3 4 5 6 7</b>	<b>Fatal consequences</b>
<b>evr4</b>	<b>Evenly distributed</b>	<b>1 2 3 4 5 6 7</b>	<b>Unevenly distributed</b>
<b>evr5</b>	<b>Low risk to future generations</b>	<b>1 2 3 4 5 6 7</b>	<b>High risk to future generations</b>
<b>evr6</b>	<b>Voluntary for those exposed</b>	<b>1 2 3 4 5 6 7</b>	<b>Involuntary for those exposed</b>
<b>evr7</b>	<b>Does not affect me</b>	<b>1 2 3 4 5 6 7</b>	<b>Affects me</b>
<b>evr8</b>	<b>Not observable</b>	<b>1 2 3 4 5 6 7</b>	<b>Observable</b>
<b>evr9</b>	<b>Known for those exposed</b>	<b>1 2 3 4 5 6 7</b>	<b>Unknown for those exposed</b>
<b>evr10</b>	<b>Delayed effects</b>	<b>1 2 3 4 5 6 7</b>	<b>Immediate effects</b>
<b>evr11</b>	<b>Old risks</b>	<b>1 2 3 4 5 6 7</b>	<b>New risks</b>
<b>evr12</b>	<b>Risks known to science</b>	<b>1 2 3 4 5 6 7</b>	<b>Risks unknown to science</b>

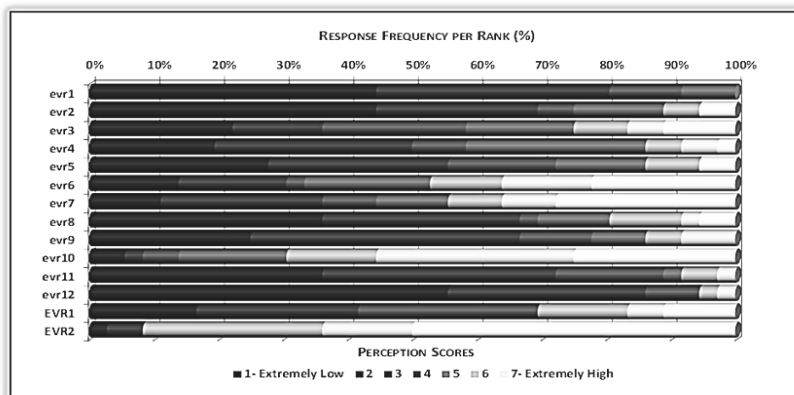
Note: the notation “*evr*” refers to beliefs pertaining to the environmental risk realm upon which the questions or statements of this thesis research’s qualitative questionnaire were constructed

Source: Montalvo Corral (2002)

Figure 6.3 presents a condensed summary of the perceptions of the surveyed professionals in respect to the environmental risks currently associated to their companies’ operations.

The darker shades of the figure indicate the more unfavorable side of the scale in respect to the perception of environmental risks.

*Figure 6.3- Results of this thesis research's survey concerning the perception of managers', in the Brazilian petrochemical sector, in respect to the environmental risks posed by their companies' operations*



Source: author

As shown in Figure 6.3, the perceptions of low environmental risks related to companies' operations (products, processes and services) prevailed among the surveyed managers and influential decision-makers.

The results of detailed analyses of the contributions of each belief to such perception are presented in Table 6.3.

This table was developed to provide: (a) a macro (general) to a micro view (detailed) explanation of how managers reacted when confronted with issues associated with the environmental risks related to their companies' operations, and (b) a direct and easy interpretation of the results.

In order to be in harmony with the theory and with the perceptions measurement method used in this research, the table was divided into two sub-tables. The first, presents a general and synthetic view of the overall results of the perceptions' assessment. A detailed analysis of such general view is provided in the second sub-table. It presents the distribution of the strength of the each perception at the same time it points out how favorable or unfavorable their contributions are in respect to willingness formation. For a better visualization and interpretation of the results, the table highlights the relevant points by marking them in black.

Such favorable or unfavorable conditions were established based on the theory underpinning the Osgood's semantic differential scales that were used to construct this thesis research's questionnaire (cf. Chapter 4)<sup>93</sup>. As a rule, in this research, the scores obtained from the respondents' answers showed that:

<sup>93</sup> Originally, the semantic differential method prescribes the use of scales composed by scores that vary from -3 to + 3. The scores ranging -3 to -1 represent the lower side of the scale. The scores ranging from 1 to 3



- Scores from five to seven were considered to pertain to the positive side of the scale and, therefore, they were recognized as giving a positive contribution to willingness formation;
- Scores from one to three were considered to pertain to the negative side of the scale and, therefore, they were recognized as giving a unfavorable contribution to willingness formation;
- Scores with a value of four were considered to reflect managers' uncertainty.

In the table, the most prevailing perceptions were marked in dark black. This allows the reader to easily understand how the managers perceived the environmental risks both at the beliefs (lower case letters - *evr*) and at the domain levels (capital letters – *EVR*). At the same time it permits the reader to directly interpret how each perception favored companies' engagement in the behavior that is under study in this research (GCE-based eco-innovation).

In order to avoid unnecessarily repetitive explanations, it is important to note that the same method was used to present the results of responses, to this thesis research's quantitative questionnaire, relative to the other behavioral domains and their respective beliefs.

*Table 6.3– Detailed representation of the assessment of this thesis research's survey in respect to the managers' environmental risk perception*

Questions of the Questionnaire/Beliefs	Overall Assessment of the Perceptions of Environmental Risks (%)			Detailed Assessment of the Perceptions of Environmental Risks (%)						
	Willingness Unfavorable Zone		Uncertain	Willingness Favorable Zone			Uncertain			
	Overall Results	Overall Results	Overall Results	Extremely	Quite	Moderately	Moderately	Quite	Extremely	
evr1- Controllable - Uncontrollable	91.7	8.3	0.0	44.4	36.1	11.1	8.3	0.0	0.0	0.0
evr2- Do not have global impacts - Have global impacts	75.0	13.9	11.1	44.4	25.0	5.6	13.9	5.6	0.0	5.6
evr3- Consequences not fatal - Fatal consequences	58.3	16.7	25.0	22.2	13.9	22.2	16.7	8.3	5.6	11.1
evr4- Evenly distributed - Unevenly distributed	58.3	27.8	13.9	19.4	30.6	8.3	27.8	5.6	5.6	2.8
evr5- Low risk to future generations - High risk to future generations	72.2	13.9	13.9	27.8	27.8	16.7	13.9	8.3	0.0	5.6
evr6- Voluntary for those exposed - Involuntary for those exposed	33.3	19.4	47.2	13.9	16.7	2.8	19.4	11.1	13.9	22.2
evr7- Does not affect me - Affects me	44.4	11.1	44.4	11.1	25.0	8.3	11.1	8.3	8.3	27.8
evr8- Not observable - Observable	69.4	11.1	19.4	36.1	30.6	2.8	11.1	11.1	2.8	5.6
evr9- Known for those exposed - Unknown for those exposed	77.8	8.3	13.9	25.0	41.7	11.1	8.3	5.6	8.3	0.0
evr10- Delayed effects - Immediate effects	13.9	16.7	69.4	5.6	2.8	5.6	16.7	13.9	30.6	25.0
evr11- Old risks - New risks	88.9	2.8	8.3	36.1	36.1	16.7	2.8	5.6	2.8	0.0
evr12- Risks known to science - Risks unknown to science	94.4	0.0	5.6	55.6	30.6	8.3	0.0	2.8	2.8	0.0
Overall response percentage per rank	64.8	12.5	22.7	28.5	26.4	10.0	12.5	7.2	6.7	8.8
EVR1- Direct measure of environmental risk at the domain level	69.4	0.0	30.6	16.67	25.00	27.78	0.00	11.11	5.56	11.11
EVR2- Direct measure of environmental risk at the domain level	8.3	0.0	91.7	2.78	5.56	0.00	0.00	27.78	13.89	50.00

Source: author

Data in Table 6.3 provided detailed information on how managers' perceived each of the beliefs associated with the environmental risks produced by their companies' operations.

represent the higher side of the scale. Scores with the zero values are considered uncertain. In order to adapt the method to this thesis research purposes, and to provide an easier way to operationalize the questionnaire and to interpret the results, modified seven point scales were used. In this case, the scores values were assumed to vary from 1 to 7 with a "uncertain" midpoint at 4.

The overall response percentage per rank of the results indicated that based on their beliefs, the managers perceived that the environmental risks associated with their companies' operations were predominantly extremely and quite low. According to what was proposed in Chapter 5, it was expected that such a low perception of environmental risks would not provide adequate contributions to the formation of managers' willingness to deliberately engage in GCE-based eco-innovation processes. This was indicated by the detailed assessment of these levels of perception in which the majority of the answers were classified as extremely and quite unfavorable to the development of willingness.

It was expected that the stronger the managers' perceptions that their companies' operations were risky, the stronger would be their willingness to engage in eco-innovation activities.

Complementarily, it is important to observe the relevant degree of uncertainty that managers presented in respect to such environmental risks.

In respect to the results produced by the direct question (*EVR1*) at the behavioral domain level, they showed that 69.4 percent of the managers perceived the environmental risk produced by their companies to be low (16.67 percent extremely low and 25 percent quite low and 27.78 moderately low). On the other hand, a total of 22.7 percent perceived these risks as being high.

One interesting finding from the results is that, although the respondents perceived that the environmental risks posed by their companies was low, 91.7 percent of them believed that GCE-based innovation processes are very important to solve or diminish the environmental challenges faced by their companies (*EVR2*).

## **6.2.2 Economic Risk Perception and Business Opportunities**

As noted in Chapter 5, in order to define and operate the concept of economic risk and business opportunity, within the context of eco-innovative activities, four main areas for which possible gains and losses from which eco-innovative technologies may arise were proposed (economic opportunity, appropriability, technological risk, and financial risk). These areas provided a framework that enabled the identification of the sources of uncertainty and risk, in the organizational set, which may have influence in attitude formation,

Each subdomain encompassed a series of beliefs that may be held by managers, in the industrial organization, in relation to the economic risks and business opportunity associated with innovating in GCE. Each belief was assessed *via* its incorporation in this thesis research quantitative survey's questionnaire in the form of a question or a statement. These four areas as well as their respective beliefs are shown in Table 6.4.

Table 6.4- Beliefs and that were used to assess the economic risks of innovating in GCE

ECONOMIC RISKS AND BUSINESS OPPORTUNITIES	
<b>■ ECONOMIC OPPORTUNITY</b>	
ecr1-	Market niche opportunity loss
ecr2-	Regulatory risk
ecr3-	Distribution and novelty effects
ecr4-	Entry timing
ecr5-	Pioneer vs. Follower
ecr6-	Customers expectancies (willingness to pay)
ecr7-	Growth opportunities
ecr8-	Market uncertainty
<b>■ APPROPRIABILITY</b>	
ecr9-	Appropriability conditions
ecr10-	Subcontracting risks
ecr11-	Alliance risk (loss of technological control)
<b>■ TECHNOLOGICAL RISK</b>	
ecr12-	R&D requirements
ecr13-	R&D costs
ecr14-	Economic resources availability
ecr15-	Project life time
ecr16-	Uncertainty of achievement and discovery
<b>■ FINANCIAL RISK</b>	
ecr17-	Management uncertainty
ecr18-	Resources uncertainty
ecr19-	Capital risks
ecr20-	Competitiveness uncertainty

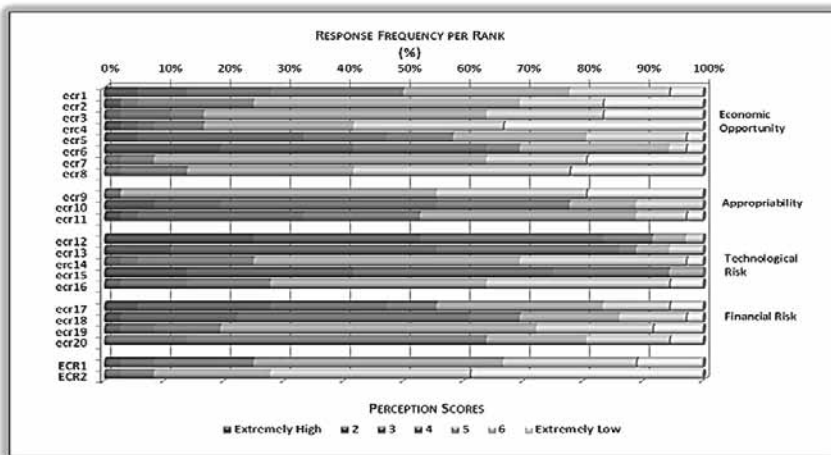
Source: Montalvo Corral (2002)

Note: the notation “ecr” refers to beliefs pertaining to the economic risk and business opportunities realm upon which the questions or statements of this thesis research’s questionnaire were constructed.

Source: adapted from Montalvo Corral (2002)

Figure 6.4 presents a condensed summary of the perceptions of the surveyed professionals in respect to the economic risk and business opportunities currently associated to the engagement of their companies in GCE-based eco-innovation processes. The darker nuances indicate the more unfavorable side of the scale in respect to the perception of environmental risks.

Figure 6.4- Results of this thesis research’s survey concerning the perception of managers’, in the Brazilian petrochemical sector, in respect to the economic risk and business opportunities relative to eco-innovation processes



Source: author

In general terms, the predominance of the lighter shades of the bars in Figure 6.4, shows that the perceptions of the surveyed managers, regarding the beliefs that compose the economic risk and business opportunities scales, favored the development of willingness towards their companies' engagement in GCE-based eco-innovation processes. It was expected that, the stronger managers' perceptions that their companies' engagement in such processes did not generate economic risks and promoted business opportunities, the stronger would be their willingness to engage in eco-innovation activities.

## Economic Opportunity

A detailed assessment of managers' perceptions of the economic opportunities generated by eco-innovation is presented in Table 6.5.

*Table 6.5- Detailed representation of the results of this thesis research's survey in respect to the managers' perceptions of economic risk and business opportunities in respect to GCE-based eco-innovation*

Questions of the Questionnaire/Beliefs	Overall Assessment of the Perception of Economic Opportunities (%)			Detailed Assessment of the Perception of Economic Opportunities (%)							
	Willingness Unfavorable Zone	Uncertain	Willingness Favorable Zone	Willingness Unfavorable Zone			Uncertain	Willingness Favorable Zone			
				Extremely	Quite	Moderately		Moderately	Quite	Extremely	
	Overall Results		Overall Results								
ecr1- Market niche opportunity loss	27.8	22.2	50.0	5.6	8.3	13.9	22.2	27.8	16.7	5.6	
ecr2- Regulatory risk	5.6	19.4	75.0	2.8	0.0	2.8	19.4	44.4	13.9	16.7	
ecr3- Distribution and novelty effects	11.1	5.6	83.3	0.0	2.8	8.3	5.6	47.2	19.4	16.7	
ecr4- Entry timing	8.3	8.3	83.3	2.8	2.8	2.8	8.3	25.0	25.0	33.3	
ecr5- Pioneer vs. Follower	47.2	11.1	41.7	5.6	27.8	13.9	11.1	22.2	16.7	2.8	
ecr6- Customers expectancies (willingness to pay)	63.9	5.6	30.6	19.4	22.2	22.2	5.6	25.0	2.8	2.8	
ecr7- Growth opportunities	2.8	5.6	91.7	0.0	0.0	2.8	5.6	55.6	16.7	19.4	
ecr8- Market uncertainty	2.8	11.1	86.1	0.0	0.0	2.8	11.1	27.8	36.1	22.2	
Overall response percentage per rank	21.2	11.1	67.7	4.5	8.0	8.7	11.1	34.4	18.4	14.9	

Source: author

The results show that managers' perceptions related to the beliefs associated with the economic opportunities that may be produced by their companies' engagement in GCE-based eco-innovation processes were mostly positive and were classified as moderately to quite favorable to willingness formation<sup>94</sup>.

An exception was made in regard to two beliefs. The first was related to the companies' expectation in respect to customers' willingness to pay more for eco-innovative products and services (*ecr6*). According to their perceptions, such customers' current willingness to pay more is not strong enough to push companies to innovate. (b) The second relates to the companies' pioneer/follower character (*ecr5*). In this respect, companies were found to be quite divided. In the one hand, 41.7 percent of the surveyed managers saw their companies as being pioneers. On the other hand, 47.2 percent perceived their companies as being followers.

Such follower character of companies could make the pace of introduction of GCE-based eco-innovations to be slower and therefore, some economic opportunities could be lost.

<sup>94</sup> Following the TPB (Chapter 2), in this thesis research, willingness formation refers to the development of behavioral intention (willingness) as a function of its determinants. That is, its underlying beliefs.

Once again, in some instances, the answers indicated the number of managers who reported to be uncertain in respect to some beliefs.

## Appropriability

Appropriability is understood as being the benefits of R&D and/or of investment in innovative new technologies, which can be secured by various mechanisms such as patents, licensing and transfer of technology. In this respect, the perceived economic risks associated with appropriability were considered to be mainly related to companies' loss of control over their own knowledge and technology due to outsourcing processes via alliances or subcontracting.

Table 6.6 presents a detailed analysis of how managers perceived each of the beliefs that are associated with the appropriability of the benefits of GCE-based eco-innovation as well as the intensity that they contribute to willingness formation.

*Table 6.6- Detailed representation of the results of this thesis research's survey results in respect to the managers' perceptions of appropriability of the benefits of CGE based eco-innovation*

Questions of the Questionnaire/Beliefs	Overall Assessment of the Perceptions of the Appropriability of Benefits of Eco-Innovation (%)			Detailed Assessment of the Perceptions of the Appropriability of Benefits of Eco-Innovation (%)						
	Willingness Unfavorable Zone	Uncertain	Willingness Favorable Zone	Willingness Unfavorable Zone			Uncertain	Willingness Favorable Zone		
	Overall Results		Overall Results	Extremely	Quite	Moderately		Moderately	Quite	Extremely
ecr9- Appropriability conditions	2.8	0.0	97.2	0.0	0.0	2.8	0.0	52.8	25.0	19.4
ecr10- Subcontracting risks	55.6	22.2	22.2	8.3	11.1	36.1	22.2	11.1	11.1	0.0
ecr11- Alliance risk (loss of technological control)	33.3	19.4	47.2	2.8	2.8	27.8	19.4	36.1	8.3	2.8
Overall response percentage per rank	30.6	13.9	55.6	3.7	4.6	22.2	13.9	33.3	14.8	7.4

Source: author

In respect to the appropriability of the benefits of innovation, the results showed that the surveyed managers' perceptions regarding two out of the three beliefs that composed this scale contributed moderately to quite favorably to the development of willingness towards their companies' engagement in GCE-based eco-innovation activities.

An exception was made to the perceptions regarding the risks of confidentiality breach due to the use, in processes of eco-innovation, of workforces that are external to the companies (*ecr10*). In this case, 55.6 percent of the managers perceived that such risks exist in moderate to quite high degree.

Again, the levels of uncertainty related to some beliefs were demonstrated to be relevant and should be taken into account during the design of eco-innovation related policies and strategies.

## Technological Risks

In the context of this research, the Technological Risks were understood as the amount of R&D required, the costs involved, the time required to develop new technologies (both developed by the company itself or through alliances), the availability and the opportunity of economic resources and the compound uncertainties that are associated with new products and processes.

A detailed presentation of the perceptions of the managers concerning the beliefs associated with the GCE-based eco-innovation processes is presented in Table 6.7.

*Table 6.7- Detailed representation of the results of this thesis research's survey in respect to the managers' perceptions of the technological risks associated with GCE-based eco-innovation*

Questions of the Questionnaire/Beliefs	Overall Assessment of the Perceptions of Technological Risks (%)			Detailed Assessment of the Perceptions of Technological Risks (%)						
	Willingness Unfavorable Zone	Uncertain	Willingness Favorable Zone	Willingness Unfavorable Zone			Uncertain	Willingness Favorable Zone		
	Overall Results		Overall Results	Extremely	Quite	Moderately		Moderately	Quite	Extremely
ecr12- R&D requirements	83.3	8.3	8.3	25.0	27.8	30.6	8.3	5.6	2.8	0.0
ecr13- R&D costs	86.1	2.8	11.1	11.1	44.4	30.6	2.8	5.6	5.6	0.0
ecr14- Economic resources availability	5.6	19.4	75.0	0.0	2.8	2.8	19.4	44.4	27.8	2.8
ecr15- Project life time	75.0	19.4	5.6	13.9	27.8	33.3	19.4	5.6	0.0	0.0
ecr16- Uncertainty of achievement and discovery	13.9	13.9	72.2	0.0	2.8	11.1	13.9	36.1	30.6	5.6
Overall response percentage per rank	52.8	12.8	34.4	10.0	21.1	21.7	12.8	19.4	13.3	1.7

Source: author

The overall assessment of the technological risks associated with GCE-based eco-innovation showed that the answers of 52.8 percent of the managers were unfavorable to the willingness formation. Only 34.4 percent of the responses demonstrated that they contribute positively to the development of willingness.

In opposition to this overall view, a detailed assessment indicated that the managers felt confident that their companies could bear the cost of eco-innovating (*ecr14*) at the same time that they were confident about the potential successfulness of their companies in finding the appropriate technological paths to fulfill their needs (*ecr16*).

## Financial Risk

Financial risk connotes the possible losses of profits and capital. Four behavioral beliefs emerged in this domain. The first, concerned the timing of resource availability. This was followed by the possibility of the loss of capital investment on R&D and finally the reduction of competitiveness due to the increase in fixed costs.

*Table 6.8- Detailed representation of the results of this thesis research's survey in respect to the managers' perceptions of the financial risks associated with GCE-based eco-innovation*

Questions of the Questionnaire/Beliefs	Overall Assessment of the Perceptions of Financial Risks (%)			Detailed Assessment of the Perceptions of Financial Risks (%)								
	Willingness Unfavorable Zone	Uncertain	Willingness Favorable Zone	Willingness Unfavorable Zone			Uncertain	Willingness Favorable Zone				
	Overall Results		Overall Results	Extremely	Quite	Moderately		Moderately	Quite	Extremely		
ecr17- Management uncertainty	47.2	8.3	44.4	5.6	22.2	19.4	8.3	27.8	11.1	5.6		
ecr18- Resources uncertainty	61.1	8.3	30.6	2.8	19.4	38.9	8.3	16.7	11.1	2.8		
ecr19- Capital risks	8.3	11.1	80.6	0.0	2.8	5.6	11.1	52.8	19.4	8.3		
ecr20- Competitiveness uncertainty	13.9	50.0	36.1	0.0	0.0	13.9	50.0	16.7	19.9	5.6		
Overall response percentage per rank	32.6	19.4	47.9	2.1	11.1	19.4	19.4	28.5	13.9	5.6		
ECR1- Direct measure of economic risk and business opportunities at the domain level	8.3	16.7	75.0	0.0	2.8	5.6	16.7	41.7	22.2	11.1		
ECR2- Direct measure of economic risk and business opportunities at the domain level	2.8	5.6	91.7	0.0	0.0	2.8	5.6	19.4	33.3	38.9		

Source: author

Table 6.8 indicates that, in general, although the results showed a prevalence of answers that were supportive to willingness development as compared to those that were unfavorable, the total number of answers that were unfavorable plus those that indicated that managers were uncertain surpassed the favorable ones.

A look into the detailed assessment of the managers' perceptions indicated the existence of barriers to willingness formation that arose from:

- a) The perceptions related to resources uncertainty (*ecr18*), which were classified as quite (19.2 percent) to moderately (38.9 percent) unfavorable. Resources uncertainty regards to The likelihood of the company loses, due to turnover, of trained human resources who hold the required knowledge for the development of more sustainable and cleaner technological solutions for its environmental and economic challenges, and
- b) Managers' perceptions of the likelihood that the GCE-based eco-innovation investments could affect their companies' fixed costs, and therefore, could influence their company's global competitiveness (*ecr17*). They were almost equally divided in their answers with forty-seven percent of them who answered that this is likely to occur as opposed to forty four percent who had the contrary perceptions.

A great relevance can be attributed to the degree of uncertainty (50 percent) demonstrated by managers in respect to the likelihood of their companies to lose their investment in case of unsuccessful GCE-based eco-innovation outcomes (*ecr20*).

In respect to the direct measures of economic risks and business opportunities, conducted at the domain level, the results showed that, in general, the managers in the Brazilian petrochemical sector revealed perceptions that GCE-based eco-innovation can promote business opportunities at the same time that it represents economic risks at acceptable levels.

In this respect, the direct measure of the economic risk (*EVRI*) showed that 75 percent of the respondents thought that eco-innovating in GCE can produce a high degree of economic benefits for their company as opposed to 8.3 percent who perceived that this will lead to economic losses.

On the other hand, 91.7 percent agreed that the existence currently and in the future, of business opportunities for companies that are more environmentally sustainable, justify the engagement of their companies in GCE-based eco-innovation activities (*ECR2*).

## **Summary**

In general, the professionals who participated in the survey perceived that the environmental risks that were faced or produced by their companies were low. Despite this, perception of low risk, they very much acknowledged that eco-innovating in GCE is an important approach for their companies to achieve higher states of sustainability and lower environmental risks.

In respect to economic risks, the evidence provided by the managers' general perceptions indicated that the economic risks associated with engaging in GCE-based eco-innovation processes are low. They believed that their companies can take advantages of market



opportunities by eco-innovating in GCE and profit from the moderately low appropriability risks that are associated with it. Complementarily, the majority of the respondents believed that, although they are confident in their companies' capability to innovate in GCE, they perceived that there may be technological risks. On the other hand, despite high uncertainty in how GCE-based investments could affect the fixed costs of the companies and their competitiveness, in general terms, it was commonly perceived that the financial risks range from quite to moderately low.

In light of these arguments, it was suggested that the conjunction of high market opportunities, moderately low risk of appropriability and low financial risk represent positive pre-dispositional factors, or attitudes, towards companies' potential engagement in implementing GCE-based eco-innovation processes.

### 6.3 Mapping Behavioral Preconditions Generated by the Perceived Social and Personal Pressures

Section 6.3 presented the assessment of the behavioral preconditions, based on the social and personal realms that can influence companies' willingness to engage in GCE-based eco-innovation processes.

#### 6.3.1 Perceived Social Norm (Social Pressure)

As noted in Section 5.2.2 of Chapter 5, according to Montalvo Corral (2002), the sources of social influence span a variety of agents and institutions, such as competitors, customers, legal requirements, employees, shareholders, general public, NGOs, to cite a few. In the context of GCE-based eco-innovation in the industrial sector, it was proposed that the possible sources of social pressure can be classified into three groups: (a) the market, (b) the communities directly related to the firm and (c) the regulatory regime.

#### Market Pressure

Perception of market pressures were identified to originate from three main sources: (a) the competitive context in which the company operates, (b) the need for companies to be followers and/or pioneers, and (c) the customers' demands (cf. Chapter 5).

*Table 6.9- Possible sources of social pressure that might arise from the market in respect to the adoption, by companies, of cleaner and more sustainable technologies for their products, processes and services*

SOCIAL NORM	Social Pressure - Market Pressure
•COMPETITIVE CONTEXT	<ul style="list-style-type: none"> <li>mp1- Pace of technical change</li> <li>mp2- Competitors' behavior</li> <li>mp3- Competition drive</li> <li>mp4- Market competition</li> <li>mp5- Sector dynamism</li> <li>mp6- Market heterogeneity</li> </ul>
•PIONEER-FOLLOWER	<ul style="list-style-type: none"> <li>mp7- Pioneer in product technology</li> <li>mp8- Pioneer in process technology</li> <li>mp9- Follower in innovation</li> </ul>
•CONSUMERS	<ul style="list-style-type: none"> <li>mp10- Consumer expectations</li> <li>mp11- Future consumers pressure</li> <li>mp12- Motivation to comply with consumers</li> </ul>

Note: the notation "mp" refers to beliefs pertaining to the market pressure realm upon which the questions or statements of this thesis research's questionnaire were constructed.

Table 6.10 presents a detailed analysis of how managers perceived each of the beliefs that are associated with the market pressures towards companies' adoption of cleaner and more sustainable technologies for their products, processes and services as well as how they contribute to willingness formation.

*Table 6.10- Detailed representation of the results of this thesis research's survey in respect to the managers' perceptions of the market pressures associated with companies' adoption of cleaner and more sustainable technologies for products, processes and services*

Questions of the Questionnaire/Beliefs	Overall Assessment of the Perceptions of Market Pressures (%)			Detailed Assessment of the Perceptions of Market Pressures (%)								
	Willingness Unfavorable Zone	Uncertain	Willingness Favorable Zone	Willingness Unfavorable Zone			Uncertain	Willingness Favorable Zone				
				Extremely	Quite	Moderately		Moderately	Quite	Extremely		
Overall Results	Overall Results	Overall Results	Overall Results	Overall Results	Overall Results	Overall Results	Overall Results	Overall Results	Overall Results	Overall Results	Overall Results	
<b>Competitive Context</b>												
mp1- Pace of technical change	8.3	0.0	91.7	0.0	2.8	5.6	0.0	38.9	27.8	25.0		
mp2- Competitors' behavior	8.3	13.9	77.8	0.0	8.3	0.0	13.9	47.2	16.7	13.9		
mp3- Competition drive	8.3	11.1	80.6	0.0	5.6	2.8	11.1	38.9	19.4	22.2		
mp4- Market competition	8.3	11.1	80.6	2.8	2.8	2.8	11.1	25.0	30.6	25.0		
mp5- Sector dynamism	11.1	5.6	83.3	0.0	5.6	5.6	5.6	36.1	27.8	19.4		
mp6- Market heterogeneity	13.9	8.3	77.8	0.0	8.3	5.6	8.3	36.1	16.7	25.0		
Overall response percentage per rank	9.7	8.3	81.9	0.5	5.6	3.7	8.3	37.0	23.1	21.8		
<b>Pioneer-Follower</b>												
mp7- Pioneer in product technology	16.7	13.9	69.4	0.0	0.0	16.7	13.9	19.4	38.9	11.1		
mp8- Pioneer in process technology	22.2	8.3	69.4	0.0	2.8	19.4	8.3	22.2	30.6	16.7		
mp9- Follower in innovation	13.9	11.1	75.0	0.0	2.8	11.1	11.1	25.0	38.9	11.1		
Overall response percentage per rank	17.6	11.1	71.3	0.0	1.9	15.7	11.1	22.2	36.1	13.0		
<b>Consumer Pressure</b>												
mp10- Consumer expectations	19.4	25.0	55.6	2.8	5.6	11.1	25.0	27.8	22.2	5.6		
mp11- Future consumers pressure	11.1	8.3	80.6	0.0	2.8	8.3	8.3	25.0	25.0	30.6		
mp12- Motivation to comply with consumers	0.0	11.1	88.9	0.0	0.0	0.0	11.1	30.6	38.9	19.4		
Overall response percentage per rank	10.2	14.8	75.0	0.9	2.8	6.5	14.8	27.8	28.7	18.5		

Source: author

The results of this thesis research's survey, presented in Table 6.10, showed that the managers' perceptions related to their beliefs associated with the pressures that may arise from the market mostly favored the development of willingness to engage in GCE-based eco-innovation processes.

This can be observed based upon the overall response rate, percentage for the three scales that are associated with the perceived market pressures:

- a) In respect to the competitive context scale, the responses that moderately contributed to willingness formation (37.0 percent) were superimposed by the sum of the ones that contributed at the quite and extremely strong levels (23.1 and 21.8 percent respectively);
- b) Regarding the pioneer-follower character of the companies, 36.1 percent of the answers supported the development of willingness quite strongly. This was followed by 22.2 percent, which influenced willingness moderately. Thirteen percent favored willingness in an extremely strong way, and
- c) The results to questions or statements related to the beliefs associated with consumers' pressures revealed that the answers were almost equally supportive to willingness formation at the moderately and quite strong levels (27.8 and 28.7

percent respectively). On the other hand 18.5 percent supported willingness formation in an extremely strong way.

It is important to observe the overall levels of uncertainty that were revealed by the survey in regard to the beliefs associated with the pioneer-follower and consumers pressure scales, which presented values above 10 percent. Special attention was given to the degree of managers' uncertainty in respect to consumers' expectations about the adoption, by the companies, of cleaner and more sustainable technologies for their products, processes and services (*mp10*) such as those that are developed based on the principles of GCE.

Although the pioneer-follower scale showed that most answers were predominantly supportive of willingness formation, it was detected that some companies were in a slow pace in respect to the development of product (*mp7* - 16.7 percent) and process (*mp8* - 19.4 percent) technology as well as in respect to innovation processes (*mp9* - 11.1 percent).

## Community Pressure

The idea of community pressure, concerning environmental protection in the industrial set, may be conceived and synthesized by the concept of “social license to operate” under which companies should perform their activities. That is, companies are constrained to meet the expectations of societies and to avoid activities that they (or influential elements within them) deem unacceptable (cf. Chapter 5).

Table 6.11 listed the beliefs, which may be held by managers, in the industrial organization, in relation to the perceived community pressures towards companies’ adoption of GCE-based cleaner products and production processes

*Table 6.11- Possible sources of social pressure that might arise from the community in respect to the adoption, by companies, of cleaner and more sustainable technologies for their products, processes and services*

<b>SOCIAL NORM</b>	<b>Social Pressure - Community Pressure</b>
•MANAGERS’ PERSONAL IMPORTANT REFERENTS	cp1- Manager's consciousness cp2- Managers close personal relationships
•FIRMS’ IMPORTANT EXTERNAL REFERENTS	cp3- Outsiders social norms cp4- Outsiders pressure capabilities cp5- Environmental experts norm agreement cp6- Perceived pressure from experts cp7- Motivation to comply with experts
•PERCEIVED COMMUNITY PRESSURE	cp8- Community expectations cp9- Compliance with community demands cp10- Community current lobbying capability cp11- Community future lobbying capability cp12- NGO's pressure
•FIRMS’ IMPORTANT INTERNAL REFERENTS	cp13- Important staff cp14- Staff capability pressure cp15- Motivation to comply with staff pressure

Note: the notation “cp” refers to beliefs pertaining to the community pressure realm upon which the questions or statements of this thesis research’s questionnaire were constructed.

Source: adapted from Montalvo Corral (2002)

Table 6.12 presents the results of a detailed analysis of how managers perceived each of the beliefs that are associated with the community pressures towards companies' adoption of cleaner and more sustainable technologies for their products, processes and services as well as how they contribute to willingness formation.

*Table 6.12- Detailed representation of the results of this thesis research's survey in respect to the managers' perceptions of the community pressures associated with companies' adoption of cleaner and more sustainable technologies for products, processes and services*

Questions of the Questionnaire/Beliefs	Overall Assessment of the Perceptions of Community Pressures (%)			Detailed Assessment of the Perceptions of Community Pressures(%)						
	Willingness Unfavorable Zone	Uncertain	Willingness Favorable Zone	Willingness Unfavorable Zone			Uncertain	Willingness Favorable Zone		
				Extremely	Quite	Moderately		Moderately	Quite	Extremely
Overall Results	Overall Results	Overall Results	Overall Results	Overall Results	Overall Results	Overall Results	Overall Results	Overall Results	Overall Results	Overall Results
<b>Managers' Personal Important Referents</b>										
cp1- Manager's consciousness	5.6	0.0	94.4	0.0	0.0	5.6	0.0	38.9	38.9	16.7
cp2- Managers close personal relationships	13.9	16.7	69.4	5.6	2.8	5.6	16.7	25.0	25.0	19.4
Overall response percentage per rank	9.7	8.3	81.9	2.8	1.4	5.6	8.3	31.9	31.9	18.1
<b>Firms' Important External Referents</b>										
cp3- Outsiders social norms	16.7	16.7	66.7	5.6	0.0	11.1	16.7	27.8	27.8	11.1
cp4- Outsiders pressure capabilities	13.9	16.7	69.4	2.8	0.0	11.1	16.7	16.7	44.4	8.3
cp5- Environmental experts norm agreement	13.9	8.3	77.8	2.8	8.3	2.8	8.3	19.4	22.2	36.1
cp6- Perceived pressure from experts	16.7	11.1	72.2	5.6	5.6	5.6	11.1	22.2	27.8	22.2
cp7- Motivation to comply with experts	27.8	13.9	58.3	2.8	8.3	16.7	13.9	19.4	27.8	11.1
Overall response percentage per rank	17.8	13.3	68.9	3.9	4.4	9.4	13.3	21.1	30.0	17.8
<b>Perceived Community Pressure</b>										
cp8- Community expectations	27.8	22.2	50.0	5.6	2.8	19.4	22.2	13.9	22.2	13.9
cp9- Compliance with community demands	16.7	11.1	72.2	0.0	2.8	13.9	11.1	22.2	33.3	16.7
cp10- Community current lobbying capability	41.7	27.8	30.6	2.8	5.6	33.3	27.8	8.3	19.4	2.8
cp11- Community future lobbying capability	19.4	19.4	61.1	2.8	2.8	13.9	19.4	22.2	27.8	11.1
cp12- NGO's pressure	25.0	8.3	66.7	8.3	2.8	13.9	8.3	33.3	19.4	13.9
Overall response percentage per rank	26.1	17.8	56.1	3.9	3.3	18.9	17.8	20.0	24.4	11.7
<b>Firms' Important Internal Referents</b>										
cp13- Important staff	13.9	16.7	69.4	2.8	2.8	8.3	16.7	19.4	36.1	13.9
cp14- Staff capability pressure	16.7	8.3	75.0	2.8	2.8	11.1	8.3	33.3	33.3	8.3
cp15- Motivation to comply with staff pressure	13.9	2.8	83.3	0.0	0.0	13.9	2.8	13.9	44.4	25.0
Overall response percentage per rank	14.8	9.3	75.9	1.9	1.9	11.1	9.3	22.2	38.0	15.7

Source: author

The results presented in Table 2.16 showed that the answers provided by the surveyed managers in respect to their beliefs related to all four scales that constitute the social pressure realm, were mostly quite and moderately strongly supportive to willingness formation.

An exception was made to the community's current lobbying capability (*cp10*), which was reported as moderately low towards pushing companies to adopt GCE-based cleaner production processes.

Once again, uncertainty was found to be significantly high especially with regard to the beliefs pertaining to the firm's important external referents and the perceived community pressure scales.

## Regulatory Pressure

In the industrial set, regulatory pressures in the environmental domain refers to how managers perceive that regulations affect their companies' business and the degree to

which their important referents, in the regulatory and in the business domains, influence them to perform innovative eco-environmental behaviors.

Table 6.13 listed the beliefs that managers may hold that in the industrial organization, in relation to the perceived regulatory pressures towards companies' adoption of cleaner products and production processes.

*Table 6.13- Possible sources of social pressure that might arise from the regulators, from the companies' representative organizations and agreements in respect to the adoption, by companies, of cleaner and more sustainable technologies for their products, processes and services*

<b>SOCIAL NORM</b>	<b>Social Pressure - Regulatory Pressure</b>
<b>•REGULATORS</b>	<ul style="list-style-type: none"> <li>rp1- Environmental agencies</li> <li>rp2- Risk of future regulations</li> <li>rp3- Regulators' enforcement capability</li> <li>rp4- Motivation to comply with regulators</li> </ul>
<b>•NATIONAL AND INTERNATIONAL STANDARDS, TRADE ORGANIZATIONS AND AGREEMENTS</b>	<ul style="list-style-type: none"> <li>rp5- Influence exerted by ISO, ICCA and ABIQUIM</li> <li>rp6- Motivation to comply with ISO, ICCA and ABIQUIM</li> <li>rp7- National and international agreements</li> </ul>

Notes:

The notation "rp" refers to beliefs pertaining to the regulatory pressure realm upon which the questions or statements of this thesis research's questionnaire were constructed.

ABIQUIM: Brazilian Chemical Industry Association

ICCA: The International Council of Chemical Associations

ISO: International Organization for Standardization

Source: adapted from Montalvo Corral (2002)

Table 6.14 presented a detailed analysis of how managers perceived each of the beliefs that are associated with the regulatory pressures towards companies' adoption of cleaner and more sustainable technologies for their products, processes and services as well as how they contribute to their willingness formation.

*Table 6.14- Detailed representation of the results of this thesis research's survey in respect to the managers' perceptions of the market pressures associated with companies' adoption of cleaner and more sustainable technologies for products, processes and services*

Questions of the Questionnaire/Beliefs	Overall Assessment of the Perceptions of Regulatory Pressure (%)			Detailed Assessment of the Perceptions of Regulatory Pressure (%)						
	Willingness Unfavorable Zone	Uncertain	Willingness Favorable Zone	Willingness Unfavorable Zone			Uncertain	Willingness Favorable Zone		
				Extremely	Quite	Moderately		Moderately	Quite	Extremely
Overall Results			Overall Results							
<b>Regulators</b>										
rp1- Environmental agencies	16.7	22.2	61.1	0.0	2.8	13.9	22.2	30.6	25.0	5.6
rp2- Risk of future regulations	8.3	5.6	86.1	0.0	2.8	5.6	5.6	19.4	25.0	41.7
rp3- Regulators' enforcement capability	13.9	13.9	72.2	2.8	0.0	11.1	13.9	30.6	25.0	16.7
rp4- Motivation to comply with regulators	5.6	5.6	88.9	2.8	0.0	2.8	5.6	13.9	36.1	38.9
Overall response percentage per rank	11.1	11.8	77.1	1.4	1.4	8.3	11.8	23.6	27.8	25.7
<b>National and International Standards, Trade Organizations and Agreements</b>										
rp5- Influence exerted by ISSO, ICCA and ABIQUIM	16.7	5.6	77.8	0.0	5.6	11.1	5.6	25.0	33.3	19.4
rp6- Motivation to comply with ISSO, ICCA and ABIQUIM	2.8	0.0	97.2	2.8	0.0	0.0	0.0	33.3	25.0	38.9
rp7- National and international agreements	11.1	16.7	72.2	2.8	2.8	5.6	16.7	36.1	19.4	16.7
Overall response percentage per rank	10.2	7.4	82.4	1.9	2.8	5.6	7.4	31.5	25.9	25.0
SP- Direct measure of social pressure at the domain level	19.4	8.3	72.2	2.8	2.8	13.9	8.3	30.6	25.0	16.7

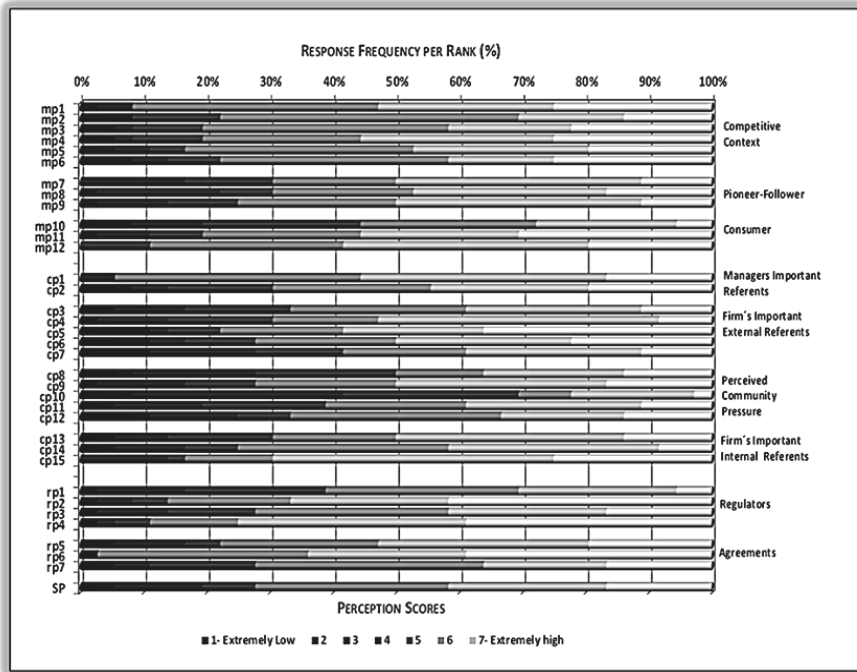
Source: author

In the case of the beliefs pertaining to the regulatory pressures that may influence companies' willingness to engage in GCE-based eco-innovation processes, the overall response percentage for these results showed that managers' perceptions were widely favorable. In the same level of analysis, the detailed assessment of managers' perceptions, in Table 6.14, showed that the strength of such favorableness was much equally distributed among the three classes (moderately, quite and extremely strong) that compose the measurement scale.

In addition, a significant percentage of the managers were uncertain in respect to beliefs such as the degree to which: (a) regulators think that their companies should develop/adopt cleaner and more sustainable products and processes (*rp1*), (b) the environmental authorities have the necessary legal means and the capability to force the companies to adopt products and production processes that are cleaner and more sustainable (*rp3*), and the likelihood that new agreements and programs, developed at national and international levels, with focus on the environmental and economic sustainability of the petrochemical industry will, in the next five years, exert pressures that can push your company to engage in GCE-based eco-innovation processes (*rp7*).

Figure 6.5 presented a summary of the perceptions of the surveyed professionals in respect to the social pressures associated to the engagement of their companies in GCE-based eco-innovation processes. The darker shades of the graph indicate the more unfavorable side of the scale in respect to the perception of environmental risks

Figure 6.5- Results of this thesis research's survey concerning the perception of managers', in the Brazilian petrochemical sector, in respect to the social pressures related to companies' adoption of cleaner and more sustainable products, processes and services



Source: author



## Summary

Overall results from this thesis research's survey regarding the pressures arising from the market, the community and from the regulatory organizations indicated that these pressures can contribute to the development of manager's willingness to develop/adopt cleaner and more sustainable GCE-based products and processes technologies.

In parallel, it was found that, in the managers' perspectives, companies were predisposed to comply with the environmental demands arising from the market, from society and from the regulatory and agreements demands, which, in the end, are likely to push their firms to engage in GCE-based eco-innovation processes.

In general, these responses at the scales level were confirmed by the direct measures at the domains level (*SP*). In this respect 72 percent of the managers (16.7 percent extremely, 25 percent quite and 30.6 moderately strong) perceived that these social pressures were likely to push their companies, in the next five years, to engage in eco-innovation activities such as those that are based on GCE

### 6.3.2 Perceived Social Norm (Roles Beliefs)

In this thesis research, the roles beliefs are those professional roles associated with managers' engagement in eco-innovative activities (eco-behavior). Roles beliefs are associated with managers' perception of correctness of the performance of such behavior by someone occupying his or her position, or function, in the company

Table 6.15 lists the beliefs that may be held by managers, in the industrial organization, in relation to their perceived professional roles towards companies' adoption of cleaner products and production processes such as those that are based on the principles that are established by the GCE framework.

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*Table 6.15- Possible sources of pressures that might arise from manager's professional roles in respect to their engagement in Green Chemistry and Green Engineering-based eco-innovation processes*

<b>SOCIAL NORM</b>	<b>Role Beliefs</b>
	•ACCEPTANCE OF CLEANER PRODUCTION
	rlp1- Regulation
	rlp2- Green market expansion
	rlp3- Quality and technical efficiency considerations
	rlp4- The culture and values within organizations

Note: the notation "rlp" refers to beliefs pertaining to the professional roles realm upon which the questions or statements of this thesis research's questionnaire were constructed.

Source: author

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Table 6.16 presents a detailed analysis of how managers perceived each of the beliefs that are associated with their professional roles.

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*Table 6.16 - Detailed representation of the results of this thesis research's survey in respect to the managers' perceptions of their professional roles associated their*

*engagement in Green Chemistry and Green Engineering based eco-innovation processes in the search for technologically more advanced and sustainable states*

Questions of the Questionnaire/Beliefs	Overall Assessment of Managers' Professional Roles (%)			Detailed Assessment of Managers' Professional Roles (%)						
	Willingness Unfavorable Zone	Uncertain	Willingness Favorable Zone	Willingness Unfavorable Zone			Uncertain	Willingness Favorable Zone		
	Overall Results		Overall Results	Extremely	Quite	Moderately		Moderately	Quite	Extremely
rip1- Regulation	2.8	2.8	94.4	0.0	2.8	0.0	2.8	11.1	13.9	69.4
rip2- Green market expansion	0.0	0.0	100.0	0.0	0.0	0.0	0.0	13.9	16.7	69.4
rip3- Quality and technical efficiency consideration	0.0	0.0	100.0	0.0	0.0	0.0	0.0	16.7	27.8	55.6
rip4- The culture and values within organizations	0	2.8	97.2	0.0	0.0	0.0	2.8	13.9	19.4	63.9
Overall response percentage per rank	0.7	1.4	97.9	0.0	0.7	0.0	1.4	13.9	19.4	64.6
RLP- Direct measure of managers' personal roles at the domain level	2.8	0.0	97.2	0.0	0.0	2.8	0.0	8.3	25.0	63.9

Source: author

In respect to their professional roles, managers in the survey reported that they were highly conscious in respect to the correctness of their engagement in GCE-based eco-innovation processes as part of their professional obligations. This is reflected by the high percentage of answers that indicated that managers support this view in an extremely (63.9 percent), quite (19.4 percent) and moderate (13.9 percent) strongly way.

These perceptions were also identified *via* the direct measures at the domain levels. In response to the direct measures of their professional roles associated with the environment and eco-innovation (*RLP*), 97.2 percent of the managers (63.9 percent extremely, 25.0 percent quite, and 8.3 moderately strong) reported a clear, direct link between their position/function in the companies and environmental responsibility.

## Summary

Regarding their professional roles relative to the corporate sustainability and the dissemination and the use of GCE-based innovative solutions at the company level, 97.7 percent of the managers perceived that these aspects are an inherent part of the responsibilities of someone who occupies their position/function in the firm. As presented in Table 6.16, such perceptions are very supportive for the development of willingness in the context of this thesis research.

### 6.3.3- Perceived Personal Norm (Moral Obligation)

For the purposes of this thesis research, the influence of personal normative beliefs on managers' intention to promote companies' engagement in eco-innovative activities were focused on their perceived personal moral obligation in respect to key activities within the organization that can promote pro-environmental changes by:

- Providing support and defend pro-environmental technological changes at the upper management level decision-making processes;
- Influencing people and disseminating pro-environmental culture, and

- Taking active and objective actions to identify new (short and long-term) alternatives and innovative solutions for the company's environmental and economic sustainability challenges (cf. Chapter 5).

Table 6.17 lists the beliefs, which were held by managers, in the industrial organization, in relation to their perceived personal norm (moral) towards companies' adoption of GCE-based cleaner products and production processes

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*Table 6.17- Possible sources of perceived personal norm (moral) relative to the promotion of companies' engagement in GCE-based eco-innovative activities*

PERSONAL NORM	<b>Personal (moral) norms influence on managers' environmental activities</b>
	<ul style="list-style-type: none"> <li>•pn1- Decision-making processes</li> <li>•pn2- Influencing people and disseminating pro-environmental culture</li> <li>•pn3- Active and objective actions to identify new alternative and innovative environmental solutions</li> </ul>

Note: the notation "pn" refers to beliefs pertaining to the personal norm realm upon which the questions or statements of this thesis research's questionnaire were constructed.  
Source: author

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Table 6.18 presents a detailed analysis of how managers perceived each of the beliefs that are associated with the personal norm (moral obligation) in respect to their pro-environmental and pro-active postures as a means to promote their companies' technological transition towards more advanced environmentally and economically sustainable states.

Table 6.18- Detailed representation of the results of this thesis research's survey in respect to the influence of the personal norm (moral obligation) on managers' pro-environmental and pro-active postures towards advanced states of sustainability

Questions of the Questionnaire/Beliefs	Overall Assessment of the Influence of the Personal Norms (%)			Detailed Assessment of the influence of the Personal Norms (%)						
	Willingness Unfavorable Zone	Uncertain	Willingness Favorable Zone	Willingness Unfavorable Zone			Uncertain	Willingness Favorable Zone		
	Overall Results		Overall Results	Extremely	Quite	Moderately		Moderately	Quite	Extremely
pn1- Decision-making processes	0.0	0.0	100.0	0.0	0.0	0.0	0.0	16.7	22.2	61.1
pn2- Influencing people and disseminating pro-environmental culture	2.8	0.0	97.2	0.0	0.0	2.8	0.0	8.3	27.8	61.1
pn3- Active and objective actions to identify new alternative and innovative environmental solutions	0.0	8.3	91.7	0.0	0.0	0.0	8.3	22.2	27.8	41.7
Overall response percentage per rank	0.9	2.8	96.3	0.0	0.0	0.9	2.8	15.7	25.9	54.6
PN- Direct measure of the personal norm at the domain level	0.0	0.0	100.0	0.0	0.0	0.0	0.0	11.1	36.1	52.8

Source: author

The survey results regarding the personal norm (moral obligation) influence on managers in respect to the reduction and the prevention of the negative environmental impact resulting from activities performed by their companies indicated that they are very morally motivated towards environmental issues. This resulted in personal perceptions that were highly favorable to the development of willingness to engage in GCE-based eco-innovation processes.

Nearly one hundred percent of all respondents (96.3 percent) indicated that they felt morally correct and stimulated to support decisions that favored pro-environmental actions and behaviors and to support the development/adoption of innovative technologies such as those based on GCE. This included:

- a) Supporting decisions that favor pro-environmental actions and behaviors and promote the development/adoption of innovative technologies such as those that are based on GCE;
- b) Using their influence to advocate pro environmental initiatives, and
- c) Engaging in the identification of new and innovative, more sustainable alternatives such as those that are based on GGE.

These perceptions were also identified by the direct measures at the domains level. In response to the direct measures of their moral personal norm (PN) associated with the environment, 100 percent of the managers (52.8 percent extremely, 36.1 quite and 11.1 percent moderately strong) reported clear feelings of moral obligation in respect to the prevention of the environmental impacts produced by their companies.

## Summary

Regarding the perceived personal moral norms, almost all of the surveyed managers in the Brazilian petrochemical sector, believed that it is their moral obligation to act, decide and influence people, throughout their companies, towards corporate sustainability and the engagement in eco-innovation efforts such as those that are based in GCE.

### 6.3.4 Perceived Self-Identity

For the purposes of this thesis research, managers’ self-identities, which may contribute to eco-innovation behaviors, were assessed regarding their social role identities associated with their identification with environmental sustainability issues, innovation and self-perception of responsibility and competence.

Table 6.19 lists the beliefs that were held by managers, in the industrial organization, in relation to their self-identity towards environmental issues, innovation and professional competence.

*Table 6.19- Possible sources of managers’ perceived self-identity in respect to environmental issues, innovation and professional competence*

SELF-IDENTITY	
• si1- Self-identification with environmental sustainability issues	
• si2- Self-identification with innovativeness and competency	

Note: the notation “si” refers to beliefs pertaining to the self-identity realm upon which the questions or statements of this thesis research’s questionnaire were constructed.  
Source: author

Table 6.20 presents a detailed analysis of how managers perceived each of the beliefs that were associated with their social roles identity.

*Table 6.20- Detailed representation of the results of this thesis research’s survey in respect to managers’ social identity related to their identification with environmental sustainability issues and self-perception of responsibility and competence*

Questions of the Questionnaire/Beliefs	Overall Assessment of Managers’ Self-Identity (%)			Detailed Assessment of the Influence of Managers’ Self-Identity (%)						
	Willingness Unfavorable Zone	Uncertain	Willingness Favorable Zone	Willingness Unfavorable Zone			Uncertain	Willingness Favorable Zone		
	Extremely	Quite	Moderately	Extremely	Quite	Extremely	Extremely	Quite	Extremely	
si1- Self-identification with environmental sustainability issues	2.8	0.0	97.2	0.0	0.0	2.8	0.0	0.0	19.4	77.8
si2- Self-identification with innovativeness and competency	0.0	0.0	100.0	0.0	0.0	0.0	0.0	19.4	41.7	38.9
Overall response percentage per rank	1.4	0.0	98.6	0.0	0.0	1.4	0.0	9.7	30.6	58.3
SI- Direct measure of managers’ self-identity at the domain level	0.0	0.0	100.0	0.0	0.0	0.0	0.0	11.1	41.7	47.2

Source: author

In respect to managers’ perceptions of their social role identities in respect to environmental causes and professional competence, Table 6.20 indicates that nearly one hundred percent of the managers (98.7 percent) considered themselves to be highly identified with such beliefs. This was illustrated by the fact that 58.3 percent of the managers reported extremely strong self-identity perceptions. In addition, 30.6 percent reinforced this perception reporting quite strong perceptions.

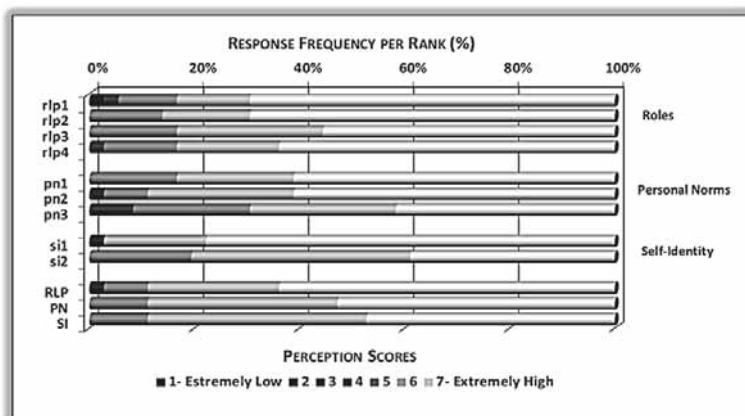
Responses to the direct measure of self-identity (SI) also revealed that 100 percent of the managers have the same pattern of self-identification with these issues.

## Summary

Responses to this thesis research' survey indicated a high degree of self-identification (self-concept) with both the environmental causes and a sense of being competent and innovative professionals. This self-identification may produce pro-environmental influences in the performance of their professional activities and can stimulate their engagement in GCE-based innovation activities.

Results for the perceived pressures originated in the professional roles, in the personal moral norms and in the self-identity domains are synthetized in Figure 6.6. As showed in the previous section, the darker nuances represent non-favorable conditions for eco-innovation in GCE.

Figure 6.6- Results of this thesis research's survey concerning the perception of managers, in the Brazilian petrochemical sector, in respect to their professional roles, to the personal norm (moral obligation) and to their self-identity regarding to their environmental conduct and their engagement in Green Chemistry and Green Engineering based eco-innovation processes



Source: author

## 6.4 Mapping Perceived Behavior Control Determinants of Willingness Formation

As noted in Chapters 4 and 5, the concept of behavioral control (control beliefs) relates to an individual's perception of the extent to which he or she has have control over the opportunities and resources that are required for the performance of a given behavior.

In this thesis research, the identification of the behavioral domains that may contribute to willingness formation in respect to the voluntary engagement of companies, in the Brazilian petrochemical sector in GCE-based eco-innovation processes, was conducted and structured *via* the use of the Sectoral System of Innovation framework (SSI). As stated in Section 3.5.2 of Chapter 3 and Section 5.2.2 of Chapter 5, three dimensions (the SSI building blocks) comprised the SSI framework: (a) knowledge and technological domain, (b) actors and networks, and (c) institutions.

The following sections present the results of this thesis research's qualitative survey in which managers' clarified their perceived control over the opportunities and resources required for their engagement in GCE eco-innovation processes.

### 6.4.1 Knowledge and Technologies

For this behavior domain, four groups of beliefs, related to the key dimensions of knowledge, were identified: (a) accessibility to knowledge, (b) technological opportunities, (c) appropriability and (d) cumulateness (cf. Section 5.2.2 of Chapter 5).

#### Accessibility to Knowledge

Table 6.21 lists the beliefs that may be held by managers, in the industrial organization, in relation to their perceived behavior control, relative to the accessibility to knowledge and technologies that may promote the engagement of their companies in GCE-based eco-innovation processes.

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*Table 6.21- Possible sources of perceived behavior control over companies' accessibility to knowledge*

<b>KNOWLEDGE AND TECHNOLOGIES</b>	<b>Accessibility to Knowledge</b>
•ak1-	Internal to the sector
•ak2-	External to the sector
•ak3-	Public research organizations
•ak4-	Brazilian and foreign universities
•ak5-	Professional and technical organizations
•ak6-	Independent inventors
•ak7-	Technologies Providers' Organizations

Note: the notation "ak" refers to beliefs pertaining to the accessibility to knowledge realm upon which the questions or statements of this thesis research's questionnaire were constructed.

Source: author

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Table 6.22 presented a detailed analysis of how managers perceived each of the beliefs that are associated with their companies' accessibility to knowledge that may be required to eco-innovate in GCE.

*Table 6.22- Detailed representation of the results of this thesis research's survey in respect to managers' perceptions in respect to their companies' accessibility to knowledge that may be required to eco-innovate in Green Chemistry and Green Engineering*

Questions of the Questionnaire/Beliefs	Overall Assessment of the Perceptions of Accessibility to Knowledge (%)			Detailed Assessment of the of the Perceptions of Accessibility to Knowledge (%)						
	Willingness Unfavorable Zone	Uncertain	Willingness Favorable Zone	Willingness Unfavorable Zone			Uncertain	Willingness Favorable Zone		
	Overall Results		Overall Results	Extremely	Quite	Moderately		Moderately	Quite	Extremely
ak1- Internal to the sector	5.6	13.9	80.6	0.0	5.6	0.0	13.9	22.2	25.0	33.3
ak2- External to the sector	13.9	8.3	77.8	0.0	2.8	11.1	8.3	36.1	27.8	13.9
ak3- Public research organizations	8.3	11.1	80.6	2.8	2.8	2.8	11.1	22.2	33.3	25.0
ak4- Brazilian and foreign universities	2.8	5.6	91.7	2.8	0.0	0.0	5.6	22.2	30.6	38.9
ak5- Professional and technical organizations	11.1	8.3	80.6	5.6	0.0	5.6	8.3	25.0	33.3	22.2
ak6- Independent inventors	25.0	16.7	58.3	5.6	0.0	19.4	16.7	33.3	16.7	8.3
ak7- Technologies Providers' Organizations	5.6	2.8	91.7	2.8	2.8	0.0	2.8	30.6	44.4	16.7
Overall response percentage per rank	10.3	9.5	80.2	2.8	2.0	5.6	9.5	27.4	30.2	22.6

Source: author

In respect to the accessibility to knowledge, according to 80.2 percent of the surveyed managers, knowledge, can be easily accessed by their companies in the various public and private knowledge-producing organizations and individuals. The strength of such perceptions varied across the three positive levels of assessment (22.6 percent extremely, 30.2 percent quite, and 27.4 percent moderately easy) and produced a very favorable inclination to willingness formation at the companies and at the sectoral level.



## Technological Opportunities

Table 6.23 lists the beliefs that that may be held by managers, in the industrial organization, in relation to their perceived behavior control over the technological opportunities associated with the engagement of their companies in GCE-based eco-innovation processes

Table 6.23- Possible sources of perceived behavior control over the technological opportunities that are required to eco-innovate in Green Chemistry and Green Engineering

KNOWLEDGE AND TECHNOLOGIES	Technological Opportunities
•to1-	Advances in scientific understanding and technique
•to2-	Technological advances from other industries and other private and governmental organizations
•to3-	Feedbacks from the industry's own technological advances

Note: the notation “to” refers to beliefs pertaining to the technological opportunities realm upon which the questions or statements of this thesis research’s questionnaire were constructed.

Source: author

Table 6.24 presented a detailed analysis of how managers perceived each of the beliefs that are associated with the technological opportunities that can facilitate their companies to eco-innovate in GCE.

Table 6.24- Detailed representation of the results of this thesis research’s survey in respect to managers’ perceptions regarding the technological opportunities that can facilitate their companies to eco-innovate in GCE

Questions of the Questionnaire/Beliefs	Overall Assessment of the Perceptions of Technological Opportunities (%)			Detailed Assessment of the Perceptions of Technological Opportunities (%)						
	Willingness Unfavorable Zone	Uncertain	Willingness Favorable Zone	Willingness Unfavorable Zone			Uncertain	Willingness Favorable Zone		
	Overall Results		Overall Results	Extremely	Quite	Moderately		Moderately	Quite	Extremely
to1- Advances in scientific understanding and technique	5.6	16.7	77.8	0.0	2.8	2.8	16.7	22.2	36.1	19.4
to2- Technological advances from other industries and other private and governmental organizations	13.9	8.3	77.8	2.8	2.8	8.3	8.3	27.8	36.1	13.9
to3- Feedbacks from the industry's own technological advances	11.1	11.1	77.8	5.6	0.0	5.6	11.1	30.6	30.6	16.7
Overall response percentage per rank	10.2	12.0	77.8	2.8	1.9	5.6	12.0	26.9	34.3	16.7

Source: author

Eco-innovation in GCE may require technological opportunities based on new technological paradigms and technological trajectories (cf. Chapters 3 and 5). In this respect, the results obtained by this thesis research’s quantitative survey indicated that 77.8 percent of the managers perceived that the proposed beliefs can represent sources of technological opportunities that can facilitate the deliberate engagement of companies in GCE-based eco-innovation processes

The strengths of these perceptions were predominantly positive (16.7 percent extremely, 34.3 percent quite and 26.9 percent moderately strong), which contributed favorably to

companies' willingness formation relative to their engagement in GCE-based eco-innovation processes.

## Appropriability

In the innovation domain, appropriability represented the possibility of protecting innovation from imitation and consequently absorbing the benefits and returns of innovation activities

Table 6.25 listed the beliefs that that were held by managers, in the industrial organization, in relation to their perceived behavior control over the appropriability conditions of the innovation outcomes.

Table 6.25- Possible sources of perceived behavior control over the appropriability of the results of innovation processes

KNOWLEDGE AND TECHNOLOGIES	Appropriability
<ul style="list-style-type: none"> <li>•app1- Invest in low cost technologies with low appropriability</li> <li>•app2- Invest in high costs technologies with high appropriability</li> <li>•app3- Invest in both oprions</li> <li>•app4- Existence of appropriability means outside the company domains at national and international levels</li> <li>•app5- Existence of appropriability means within the company domain</li> </ul>	

Note: the notation “app” refers to beliefs pertaining to the appropriability realm upon which the questions or statements of this thesis research’s questionnaire were constructed.

Source: author

Table 6.26 presented a detailed analysis of how managers perceived each of the beliefs that were associated with the appropriability conditions that can facilitate their companies to eco-innovate in GCE.

Table 6.26- Detailed representation of the results of this thesis research’s survey in respect to managers’ perceptions in respect to the appropriability of the results of eco-innovation processes

Questions of the Questionnaire/Beliefs	Overall Assessment of the Perceptions of Appropriability (%)			Detailed Assessment of the Perceptions of Appropriability (%)						
	Willingness Unfavorable Zone	Uncertain	Willingness Favorable Zone	Willingness Unfavorable Zone			Uncertain	Willingness Favorable Zone		
	Overall Results		Overall Results	Extremely	Quite	Moderately		Moderately	Quite	Extremely
app1- Invest in low cost technologies with low appropriability	2.8	19.4	77.8	0.0	0.0	2.8	19.4	30.6	33.3	13.9
app2- Invest in high costs technologies with high appropriability	8.3	19.4	72.2	2.8	0.0	5.6	19.4	25.0	33.3	13.9
app3- Invest in both oprions	5.6	19.4	75.0	0.0	0.0	5.6	19.4	25.0	30.6	19.4
app4- Existence of appropriability means outside the company domains at national and international levels	11.1	27.8	61.1	0.0	2.8	8.3	27.8	38.9	16.7	5.6
app5- Existence of appropriability means within the company domain	11.1	19.4	69.4	2.8	0.0	8.3	19.4	41.7	19.4	8.3
Overall response percentage per rank	7.8	21.1	71.1	1.1	0.6	6.1	21.1	32.2	26.7	12.2

Source: author

In respect to the appropriation of the benefits generated by eco-innovation, 71.1 percent of the surveyed managers' responses (21.1 percent moderately, 32.2 percent quite and 12.2 percent strongly) favored companies' willingness development to engage in GCE-based eco-innovation processes.

In general, the results suggested that appropriability is not a barrier in respect to the adoption of GCE-based technologies. Additionally, they indicated that managers perceived the existence of appropriability means within as well as outside the companies' realm at both the national and at the international levels. It is also important to call attention to the degree of uncertainty presented by a relevant number of managers in respect to the beliefs associated with these appropriability issues.

## Cumulativeness

Cumulativeness conditions in innovation reflect the characteristic of innovation processes in which new innovation can be developed upon current knowledge and are underpinned by evolutionary processes that have self-reinforcing effects, which allow for companies to innovate in specific technological trajectories (cf. Chapter 5).

Table 6.27 listed the beliefs that may be held by managers, in the industrial organization, in relation to their perceived behavior control, relative to knowledge cumulativeness, which can facilitate and make viable companies' engagement in GCE-based eco-innovation processes.

*Table 6.27- Possible sources of perceived behavior control over knowledge cumulativeness processes that may be necessary for companies' engagement in eco-innovation processes*

KNOWLEDGE AND TECHNOLOGIES	Cumulativeness
<b>*LEARNING PROCESSES</b>	
	cmt1- External knowledge-acquisition processes
	cmt2- Internal knowledge-acquisition processes
	cmt3- Knowledge-socialization processes
	cmt4- Knowledge-codification processes
	cmt5- Integration of learning processes
<b>*INTERMEDIATE TECHNOLOGICAL INNOVATION CAPABILITIES (SEARCH BASED)</b>	
	cmt6- Search for technology source
	cmt7- Equipment procurement, detailed engineering, equipment procurement, detailed engineering, training and recruitment of skilled personnel
	cmt8- Equipment stretching, process adaptation and cost saving, licensing new technology
	cmt9- Product quality improvement, licensing and assimilating new imported product technology
	cmt10- Monitoring productivity, improved coordination
	cmt11- Technology transfer of local suppliers, coordinated design, S&T links
<b>*ADVANCED TECHNOLOGICAL INNOVATION CAPABILITIES (RESEARCH BASED)</b>	
	cmt12- Development of new production systems
	cmt13- Basic process design and related R&D
	cmt14- In-house process innovation and basic research
	cmt15- In-house product innovation and basic research
	cmt16- Collaboration with suppliers and partners for technological development
	cmt17- Turnkey capability, cooperative R&D, licensing own technology to others
<b>*KNOWLEDGE INTEGRATION</b>	
	cmt18- Rules and directives
	cmt19- Organizational routines
	cmt20- Self-management teams
<b>*CAPABILITIES/KNOWLEDGE AND ORGANIZATIONAL STRUCTURE CORRESPONDENCE</b>	
	cmt21- Correspondence of the capabilities hierarchies and the authority-based hierarchies

Note: the notation "cmt" refers to beliefs pertaining to knowledge cumulativeness realm upon which the questions or statements of this thesis research's questionnaire were constructed.

Source: author

Table 6.28 presented a detailed analysis of how managers perceived each of the beliefs that are associated with the knowledge cumulateness that can facilitate their companies to eco-innovate in GCE.

*Table 6.28- Detailed representation of the results of this thesis research's survey in respect to managers' perceptions regarding the control over the knowledge cumulateness that is required for them to eco-innovate*

Questions of the Questionnaire/Beliefs	Overall Assessment of the Perceptions of Knowledge Cumulateness (%)			Detailed Assessment of the Perceptions of Knowledge Cumulateness (%)								
	Willingness Unfavorable Zone	Uncertain	Willingness Favorable Zone	Willingness Unfavorable Zone			Uncertain	Willingness Favorable Zone				
				Extremely	Quite	Moderately		Moderately	Quite	Extremely		
	Overall Results		Overall Results									
<b>Learning Processes</b>												
cmt1- External knowledge-acquisition processes	11,1	2,8	86,1	2,8	2,8	5,6	2,8	30,6	33,3	22,2		
cmt2- Internal knowledge-acquisition processes	16,7	11,1	72,2	0,0	2,8	13,9	11,1	30,6	27,8	13,9		
cmt3- Knowledge-socialization processes	30,6	0,0	69,4	0,0	5,6	25,0	0,0	38,9	22,2	8,3		
cmt4- Knowledge-codification processes	30,6	19,4	50,0	2,8	13,9	13,9	19,4	30,6	16,7	2,8		
cmt5- Integration of learning processes	22,2	5,6	72,2	2,8	2,8	16,7	5,6	27,8	36,1	8,3		
Overall response percentage per rank	22,2	7,8	70,0	1,7	5,6	15,0	7,8	31,7	27,2	11,1		
<b>Intermediate Technological Innovation Capabilities (search based)</b>												
cmt6- Search for technology source	11,1	13,9	75,0	0,0	2,8	8,3	13,9	36,1	33,3	5,6		
cmt7- Equipment procurement, detailed engineering, equipment procurement, detailed engineering, training and recruitment of skilled personnel	11,1	8,3	80,6	0,0	0,0	11,1	8,3	30,6	33,3	16,7		
cmt8- Equipment stretching, process adaptation and cost saving, licensing new technology	8,3	13,9	77,8	0,0	2,8	5,6	13,9	27,8	41,7	8,3		
cmt9- Product quality improvement, licensing and assimilating new imported product	8,3	16,7	75,0	0,0	0,0	8,3	16,7	30,6	36,1	8,3		
cmt10- Monitoring productivity, improved coordination	8,3	2,8	88,9	0,0	0,0	8,3	2,8	25,0	55,6	8,3		
cmt11- Technology transfer of local suppliers, coordinated design, S&T links	8,3	2,8	88,9	0,0	0,0	8,3	2,8	38,9	41,7	8,3		
Overall response percentage per rank	9,3	9,7	81,0	0,0	0,9	8,3	9,7	31,5	40,3	9,3		
<b>Advanced Technological Innovation Capabilities (research based)</b>												
cmt12- Development of new production systems	30,6	2,8	66,7	2,8	2,8	25,0	2,8	38,9	22,2	5,6		
cmt13- Basic process design and related R&D	22,2	11,1	66,7	0,0	5,6	16,7	11,1	36,1	25,0	5,6		
cmt14- In-house process innovation and basic research	27,8	13,9	58,3	2,8	8,3	16,7	13,9	27,8	19,4	11,1		
cmt15- In-house product innovation and basic research	25,0	5,6	69,4	2,8	11,1	11,1	5,6	36,1	22,2	11,1		
cmt16- Collaboration with suppliers and partners for technological development	22,2	11,1	66,7	2,8	2,8	16,7	11,1	36,1	25,0	5,6		
cmt17- Turnkey capability, cooperative R&D, licensing own technology to others	16,7	11,1	72,2	0,0	5,6	11,1	11,1	30,6	30,6	11,1		
Overall response percentage per rank	24,1	9,3	66,7	1,9	6,0	16,2	9,3	34,3	24,1	8,3		
<b>Knowledge Integration</b>												
cmt18- Rules and directives	25,0	16,7	58,3	0,0	5,6	19,4	16,7	22,2	22,2	13,9		
cmt19- Organizational routines	11,1	8,3	80,6	0,0	0,0	11,1	8,3	25,0	30,6	25,0		
cmt20- Self-management teams	25,0	11,1	63,9	2,8	2,8	19,4	11,1	36,1	16,7	11,1		
Overall response percentage per rank	20,4	12,0	67,6	0,9	2,8	16,7	12,0	27,8	23,1	16,7		
<b>Capabilities/knowledge and organizational structure correspondence</b>												
cmt21- Correspondence of the capabilities hierarchies and the authority-based hierarchies	8,3	13,9	77,8	0,0	2,8	5,6	13,9	22,2	47,2	8,3		
KTC- Direct measure of the perceptions related to knowledge and technologies at the domain level	13,9	11,1	75,0	0,0	2,8	11,1	11,1	16,7	44,4	13,9		

Source: author

## Learning Processes

In respect to learning processes, the results of the survey indicated that, although 70.0 percent of the managers' answers favored the development of willingness towards companies' engagement in GCE-based eco-innovation processes, there were some points in which such support to willingness was weak. This was indicated by managers'

perception of a weak control over the knowledge-socialization processes (*cmt3* - 30.6 percent), and over the knowledge-codification processes (*cmt4* - 30.6 percent).

### **Intermediate Technological Innovation Capabilities (Search-Based)**

Because this thesis research was focused on eco-innovation, the study of technological capabilities that may lead companies to engage in innovation activities and help to promote pro-environmental technological change, are the sole element of interest.

In this section, intermediate technological innovation capabilities (search-based) are related to the technological capabilities that may be required to promote technological changes *via* the acquisition of innovative GCE-based new technologies.

The innovation search based capabilities presented in Table 5.26 and Table 5.27 were assessed in light of the perceptions of the surveyed managers in respect to how easy or difficult it would be for them to be acquired by their companies:

In this respect, the results showed that 81.0 percent of the managers perceived that it would be easy (31.5 moderately, 40.5 percent quite and 9.3 percent extremely) for their companies to acquire the proposed basic innovation capabilities that are required for search-based innovation. This can facilitate and encourage companies to engage in eco-innovation activities such as those that are based on GCE.

### **Advanced Technological Innovation Capabilities (Research-Based)**

In this section, advanced technological innovation capabilities (research-based) are related to the technological capabilities that may be required to promote technological changes *via* development of innovative GCE-based new technologies.

The innovation research based capabilities presented in Table 6.27 and Table 6.28 were assessed, in light of the perceptions of the surveyed managers, in respect to how easy or difficult it would be for them to be acquired by their companies

The results presented in Table 6.28 showed that the majority of the managers (34.3 percent moderately, 24.1 quite and 8.3 percent extremely) reported that it would be easy for their companies to acquire such advanced technological innovation capabilities. It is important to highlight the perceptions of 24.1 percent of other managers who perceived that it would be difficult for their companies to acquire such research-based capabilities. Such perceptions represented unfavorable conditions, and therefore, barriers, for willingness to eco-innovate in GCE.

### **Knowledge Integration**

As noted in, Section 5.2.2, in Chapter 5, the “integration of specialist knowledge to perform a discrete productive task is the essence of organizational capability defined as a firm's ability to perform repeatedly a productive task which relates either directly or indirectly to a firm's capacity for creating value through effecting the transformation of inputs into outputs” (Grant, 1996a: 377).

The knowledge integration mechanisms proposed in Table 6.27 and Table 6.28 (rules and directives, organizational routines and self-management teams) were assessed in light of

the perceptions of the surveyed managers in respect to their existence, their efficiency, and their effectiveness to promote learning.

In this regard, 67.6 percent of the managers perceived (27.8 moderately, 23.1 quite and 16.7 percent extremely strongly) that these learning mechanisms exist and are considered to be efficient in integrating knowledge in their companies' realms. It is important to note the fact that elements of resistance to eco-innovate were also detected. This was represented by the 20.4 percent of the managers who perceived that these mechanisms are inefficient (16.7 percent moderately, 2.8 percent quite and 0.9 percent extremely) in their organizations.

### **Capabilities/Knowledge and Organizational Structure Correspondence**

In addition to the mechanisms mentioned in the previous section and as part of organizational capabilities for the promotion of the integration of knowledge for technological development, the correspondence of the firm's capabilities hierarchy to its hierarchic (authority-based) structures plays an important role in the management such integration.

In this respect, 77.8 percent of the managers (8.3 percent extremely, 47.2 percent quite, and 22.2 percent moderately high) perceived as high the degree of correspondence of their companies' functional and hierarchical structures for the integration and application of knowledge. This represents a positive influence to the development of companies' willingness to engage in GCE-based eco-innovation processes.

### **Summary**

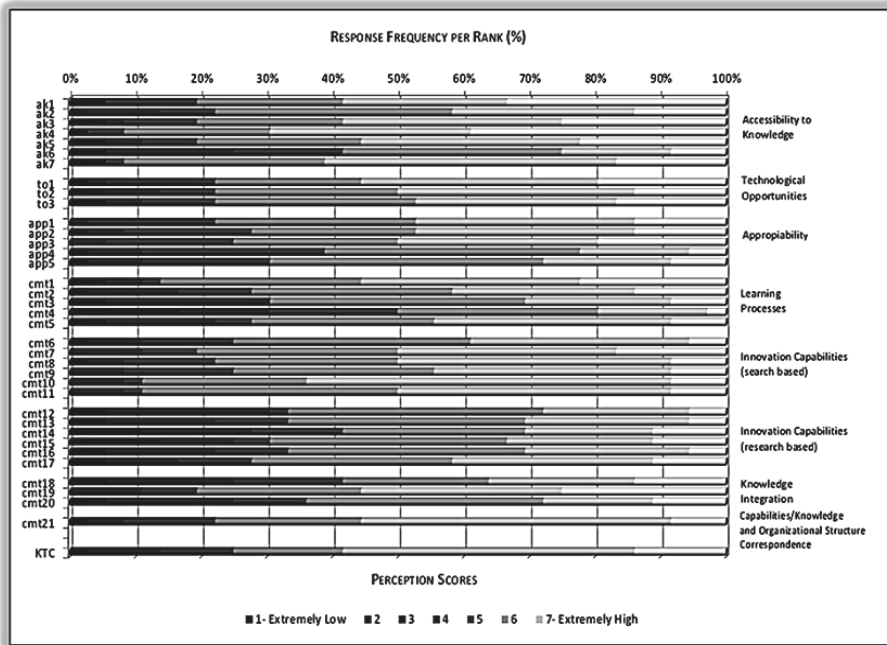
The overall results of this thesis research's quantitative survey, regarding the perceived behavioral control over the resources and opportunities associated with the knowledge and technologies domain, indicated that the perception of the majority of the surveyed managers is that these opportunities exist to a favorable degree. Based on the TPB, it can be argued that this represents a favorable contribution to predispose the companies to engage in such eco-innovation processes.

These arguments were supported by the responses obtained for the direct questions, at the behavioral domains level, about the managers' perception regarding their companies' perceived behavioral control over knowledge and technologies (*KTC*). In this respect, 75 percent of the managers reported that companies' control over knowledge and technologies was high (13.9 percent extremely, 44.4 percent quite and 16.7 percent moderately). Fourteen percent believed that this influence was low (2.8 quite and 11.1 percent moderately).

Results for the perceived behavioral control relative to knowledge and technologies were summarized in Figure 6.7. As showed in the previous section, the darker nuances represent non-favorable conditions for eco-innovating in GCE.

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*Figure 6.7- Scales used to assess the perceived behavioral control relative to knowledge and technologies*



Source: author

## 6.4.2 Actors and Networks

For the purposes of this thesis research, actors and networks refer to the extent to which individuals and organizations have control over the opportunities and resources that are required to form strategic alliances and networks of collaboration that can help and stimulate companies to deliberately engage in GCE-based eco-innovation processes (cf. Chapter 5).

This thesis author proposed that it can be verified by measuring the extent to which managers perceived that they hold enough control (control beliefs) over: (a) the availability of key actors holding the required capabilities (internal and external to the firm), (b) the capability of forming strategic alliances with external actors and (c) the capability of forming networks of collaboration.

### Availability of Key Internal Actors Holding the Required Capabilities

The availability of key internal actors holding the required capabilities refers to actors that are part of the company staff who can influence the establishment and development of innovation processes by contributing with knowledge, initiative power, leadership and supporting capacity.

Table 6.29 listed the beliefs that that were held by managers, in the industrial organization, in relation to their perceived behavior control over the availability of internal actors holding key skills to innovate.

*Table 6.29- Possible sources of perceived behavior control over the availability of key internal actors holding key required capabilities to innovate*

**ACTORS AND NETWORKS**

**Availability of Internal Actors Holding Key Capabilities**

- avc1, avc2 and avc3- Polifunctionality and technological knowledge
- avc4- Influence Power and responsibility
- avc5- Culture building, motivation and participation

Note: the notation “avc” refers to beliefs pertaining to realm of availability of internal actors holding key capabilities to innovate in GCE upon which the questions or statements of this thesis research’s questionnaire were constructed.

Source: author

Table 6.30 presented a detailed analysis of how managers perceived each of the beliefs that are associated with the availability of actors, internally to the organizations, who hold key capabilities, which can help companies to eco-innovate in GCE.

*Table 6.30- Detailed representation of the results of this thesis research’s survey in respect to managers’ perceptions in respect to the availability of actors who hold key innovation capabilities*

Questions of the Questionnaire/Beliefs	Overall Assessment of the Perceptions of Availability of Internal Actors Holding Key Capabilities (%)			Detailed Assessment of the Perceptions of Availability of Internal Actors Holding Key Capabilities (%)						
	Willingness Unfavorable Zone	Uncertain	Willingness Favorable Zone	Willingness Unfavorable Zone			Uncertain	Willingness Favorable Zone		
	Overall Results		Overall Results	Extremely	Quite	Moderately		Moderately	Quite	Extremely
avc1- Polifunctionality and technological knowledge	2.8	5.6	91.7	0.0	2.8	0.0	5.6	30.6	22.2	38.9
avc2- Polifunctionality and technological knowledge	2.8	2.8	94.4	0.0	2.8	0.0	2.8	22.2	30.6	41.7
avc3- Polifunctionality and technological knowledge	2.8	0.0	97.2	0.0	0.0	2.8	0.0	19.4	44.4	33.3
avc4- Influence Power and responsibility	0.0	0.0	100.0	0.0	0.0	0.0	0.0	30.6	47.2	22.2
avc5- Culture building, motivation and participation	2.8	2.8	94.4	0.0	0.0	2.8	2.8	25.0	38.9	30.6
Overall response percentage per rank	2.2	2.2	95.6	0.0	1.1	1.1	2.2	25.6	36.7	33.3

Source: Author

The overall results presented in Table 6.30 show that the 95.6 percent of the surveyed managers (33.3 percent extremely, 36.7 quite and 25.6 moderately) agreed that their companies’ human resources hold key capabilities that are required for eco-innovating. Such perceptions provided a positive incentive to the formation of willingness regarding companies’ engagement in GCE-based eco-innovation processes.

These individuals are polifunctional in the sense that they that can speak two or more professional languages and see the world from two or more different professional perspectives. They hold critical knowledge that can help their companies to engage in GCE-based eco-innovation processes (Montalvo Corral, 2002). In addition, they hold the appropriate skills for the collection of information on cleaner and more sustainable products and process technologies in order to introduce them into the *nuclei* of decision-making in the corporation.

These individuals have influence in the decision-making processes and are committed with the corporations’ environmental and sustainability policies as well as with the



dissemination of the culture of cleaner production, sustainability and eco-innovation such as GCE-based eco-innovation

### Strategic Alliances with External Actors

In this thesis research, it was proposed four aspects that are necessary to support firms' strategic alliances building: (a) access to strategic synergies, (b) availability of support and commitment from the top commitment, (c) the possibility to achieve influence via cooperation and (c) outsourcing opportunities.

Table 6.31 listed the beliefs that that were held by managers, in the industrial organization, in relation to their perceived behavior control over the strategic alliances with external actors.

*Table 6.31- Possible sources of perceived behavior control relative to the strategic alliances with external actors aimed at the development of eco-innovation processes*

ACTORS AND NETWORKS	Strategic Alliances with External Actors
•STRATEGIC SYNERGY	sac1- Strategic fit sac2- Chemistry fit sac3- Operational fit sac4- Financial fit
•SUPPORT AND COMMITMENT	sac5- Win/win negotiations sac6- Values pro-environment sac7- Support from CEO and shareholders sac8- Previous alliances experiences
•COOPERATION - INFLUENCE	sac9- With suppliers (inputs) sac10- With suppliers (process technologies) sac11- With customers
•OUTSOURCING OPPORTUNITIES	sac12- Life-cycle analysis expertise sac13- Cleaner product technologies sac14- Cleaner process technologies

Note: the notation "sac" refers to beliefs pertaining to realm of the strategic alliances with external actors upon which the questions or statements of this thesis research's questionnaires was constructed.

Source: Montalvo Corral (2002)

Table 6.32 presented a detailed analysis of how managers perceived each of the beliefs that are associated with the strategic alliances realm aimed at the development of GCE-based eco-innovative solutions for companies' products processes and services.

*Table 6.32- Detailed representation of the results of this thesis research's survey regarding managers' perceptions associated with the strategic alliances with external actors*

Questions of the Questionnaire/Beliefs	Overall Assessment of the Perceptions of Strategic Alliances with External Actors (%)			Detailed Assessment of the Perceptions of Strategic Alliances with External Actors (%)								
	Willingness Unfavorable Zone	Uncertain	Willingness Favorable Zone	Willingness Unfavorable Zone			Uncertain	Willingness Favorable Zone				
				Extremely	Quite	Moderately		Moderately	Quite	Extremely		
	Overall Results		Overall Results									
<b>Strategic Synergy</b>												
sac1- Strategic fit	16.7	13.9	69.4	0.0	2.8	13.9	13.9	44.4	16.7	8.3		
sac2- Chemistry fit	11.1	19.4	69.4	0.0	0.0	11.1	19.4	33.3	33.3	2.8		
sac3- Operational fit	25.0	22.2	52.8	0.0	5.6	19.4	22.2	33.3	13.9	5.6		
sac4- Financial fit	38.9	30.6	30.6	2.8	0.0	36.1	30.6	13.9	16.7	0.0		
Overall response percentage per rank	22.9	21.5	55.6	0.7	2.1	20.1	21.5	31.3	20.1	4.2		
<b>Support and Commitment</b>												
sac5- Win/win negotiations	27.8	27.8	44.4	2.8	8.3	16.7	27.8	33.3	11.1	0.0		
sac6- Values pro-environment	5.6	27.8	66.7	0.0	0.0	5.6	27.8	27.8	36.1	2.8		
sac7- Support from CEO and shareholders	22.2	13.9	63.9	8.3	2.8	11.1	13.9	30.6	25.0	8.3		
sac8- Previous alliances experiences	16.7	19.4	63.9	2.8	2.8	11.1	19.4	25.0	27.8	11.1		
Overall response percentage per rank	18.1	22.2	59.7	3.5	3.5	11.1	22.2	29.2	25.0	5.6		
<b>Cooperation - Influence</b>												
sac9- With suppliers (Inputs)	22.2	11.1	66.7	2.8	8.3	11.1	11.1	33.3	27.8	5.6		
sac10- With suppliers (process technologies)	22.2	13.9	63.9	5.6	5.6	11.1	13.9	22.2	25.0	16.7		
sac11- With customers	30.6	25.0	44.4	2.8	2.8	25.0	25.0	13.9	30.6	0.0		
Overall response percentage per rank	25.0	16.7	58.3	3.7	5.6	15.7	16.7	23.1	27.8	7.4		
<b>Outsourcing Opportunities</b>												
sac12- Life-cycle analysis expertise	13.9	8.3	77.8	0.0	0.0	13.9	8.3	30.6	27.8	19.4		
sac13- Cleaner product technologies	25.0	16.7	58.3	5.6	5.6	13.9	16.7	27.8	27.8	2.8		
sac14- Cleaner process technologies	16.7	13.9	69.4	2.8	2.8	11.1	13.9	33.3	33.3	2.8		
Overall response percentage per rank	18.5	13.0	68.5	2.8	2.8	13.0	13.0	30.6	29.6	8.3		

Source: author

## Strategic Synergy

In this thesis research, strategic fit involves four dimensions, which were considered basic elements for strategic alliances formation (cf. Chapter 5):

- Strategic fit: concerned the strengths and complementarities in innovative technical know-how;
- Chemistry fit: related to truth, honesty, common success commitment, good reputation, predictability under pressure and creativity in the face of adversity that prospective partnering may need to have;
- Operational fit: related to the reference framework upon which prospective partners operate their respective business (business strategies, communication methods, management styles, labor relations, technologies and business government relations, and
- Financial fit: related to partners who can provide investment capital in favorable and fair conditions and who can provide support to companies' investments in GCE-based eco-innovation.

In respect to these elements, the surveyed managers' perceptions were quite divided. Although the majority of the managers (55.6 percent) perceived that it is easy (31.3 percent moderately, 20.1 percent quite and 4.2 extremely) to find partners with these characteristics, there were significant numbers of managers (22.9 percent) who found it difficult and 21.5 percent who were uncertain.

## Support and Commitment

Support and commitment relates to the support and commitment from key elements within the organization in respect to the establishment of strategic alliances aimed at innovation activities.

In general, although there has been a high indication of uncertainty (22.2 percent), most of the surveyed managers (59.7 percent) reported positive previous experiences and that they perceived it was easy (29.2 percent, moderately, 25.0 percent quite and 5.6 percent extremely easy) finding:

- a) Support from CEOs and shareholders;
- b) Partners who shared the same pro-environmental values, and
- c) Partners with whom win-win negotiations could be conducted.

### **Cooperation-Influence**

Cooperation and influence related to the capability to influence supply agents and customers to cooperate for the development of critical cleaner substitute inputs for and for new process technologies.

In this regard, the majority of the surveyed managers (58.3 percent) had the opinion that the power of their companies to exert such influence for cooperation is high. This represents a favorable point to willingness creation.

On the other hand, it was also identified sources of resistance to willingness formation. Such resistance was represented by the relevant percentage of managers who perceived that their companies' power to exert such influence low (25.0 percent) and those who reported to be uncertain (16.7 percent) about these issues.

### **Outsourcing Opportunities**

With regard to the outsourcing opportunities, Montalvo Corral (2002) illustrated this issue with the view of diverse authors. According to him, cooperation between firms can provide leverage for off-the-shelf technological and know-how resources and opportunities specifically in the fields of life-cycle analysis expertise and knowhow, cleaner products and cleaner processes technologies (cf. Chapter 5).

In this realm, most of the surveyed managers (68.5 percent) reported that, for their companies, outsourcing the development of these activities is easy (30.6 percent moderately, 29.6 quite and 8.3 extremely easy). This represented a favorable point for willingness development. The remaining 31.5 percent represented sources of resistance for willingness development. They were composed by 18.5 percent of the managers who reported that outsourcing was difficult and those 13.0 percent who were uncertain about the easiness of outsourcing.

### **Networks of Collaboration**

For the purposes of the thesis research, the following organizations were identified as central for companies to building collaboration networks aimed at the development of GCE-based technological solutions for their sustainability challenges: (a) public R&D laboratories, (b) providers of raw-materials and other inputs, (c) consultancies, (d) sectoral inter-firms collaboration and (e) specialized engineering firms – SEF.

Table 6.33 listed the beliefs that that may be held by managers, in the industrial organization, in relation to their perceived behavior control over the strategic alliances with external actors.

*Table 6.33- Possible sources of perceived behavior control over the constitution of networks of collaboration aimed at the development of Green Chemistry and Green Engineering based cleaner products, processes and services*

ACTORS AND NETWORKS	Networks of Collaboration
•nwc1- Public R&D laboratories	
•nwc2- Providers of raw-materials and other inputs	
•nwc3- Consultancies	
•nwc4- Colaboration with companies within the sector	
•nwc5- Specialized engineering firms (SEF)	

Note: the notation “nwc” referred to beliefs pertaining to the realm of networks of collaboration with external actors upon which the questions or statements of this thesis research’s questionnaire were constructed.

Source: author

Table 6.34 presented results of a detailed analysis of how managers perceived each of the beliefs that are associated with the networks of collaboration with external actors that can help and facilitate companies to eco-innovate in GCE.

*Table 6.34- Detailed representation of the results of this thesis research’s survey regarding managers’ perceptions relative to the networks of collaboration with external actors aimed at the development of eco-innovation processes*

Questions of the Questionnaire/Beliefs	Overall Assessment of the Perceptions of Networks of Collaboration (%)			Detailed Assessment of the Perceptions of Networks of Collaboration (%)						
	Willingness Unfavorable Zone	Uncertain	Willingness Favorable Zone	Willingness Unfavorable Zone			Uncertain	Willingness Favorable Zone		
				Extremely	Quite	Moderately		Moderately	Quite	Extremely
	Overall Results		Overall Results							
nwc1- Public R&D laboratories	22.2	19.4	58.3	2.8	8.3	11.1	19.4	30.6	22.2	5.6
nwc2- Providers of raw-materials and other inputs	27.8	19.4	52.8	2.8	5.6	19.4	19.4	36.1	11.1	5.6
nwc3- Consultancies	8.3	8.3	83.3	2.8	0.0	5.6	8.3	41.7	25.0	16.7
nwc4- Colaboration with companies within the sector	19.4	22.2	58.3	2.8	5.6	11.1	22.2	36.1	16.7	5.6
nwc5- Specialized engineering firms (SEF)	11.1	11.1	77.8	2.8	0.0	8.3	11.1	44.4	27.8	5.6
Overall response percentage per rank	17.8	16.1	66.1	2.8	3.9	11.1	16.1	37.8	20.6	7.8
AN- Direct measure of the perceptions related to actors and networks at the domain level	2.8	11.1	86.1	0.0	2.8	0.0	11.1	36.1	25.0	25.0

Source: author

In respect to the constitution of networks of collaboration with organizations within and outside the petrochemical sector, according to the survey results, most of the managers (66.1 percent) saw that participating in such networks was easy (37.8 moderately, 20.6 percent quite and 7.8 extremely). Such perception was not shared by 17.8 percent of the managers who perceived that the participation of their companies in such networks was difficult. Sixteen percent reported to be uncertain.

## Summary

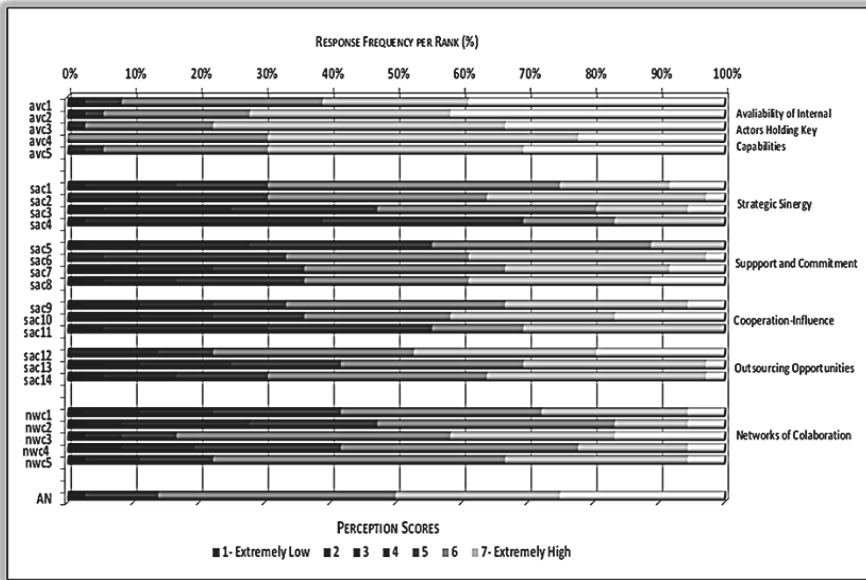
The overall results of the qualitative survey regarding the perceived behavioral control over the actors and over the participation in networks of cooperation that may be required for the engagement of companies in GCE-based eco-innovation processes indicated that, in the perception of the majority of surveyed managers, the opportunities and resources exist and are accessible to a favorable degree. Based on the TPB, it can be argued that this provided a positive contribution for the predisposition (willingness) of companies to engage in GCE-based eco-innovation processes.

These arguments were backed by the responses obtained for the direct questions, at the domain level (*AN*), relative to the managers' perception about their companies' perceived behavioral control over the actors and networks that are required for the establishment of innovation processes.

In this regard, 86.1 percent of the managers reported that in light of: (a) the availability of human resources holding key innovation capabilities, (b) the easiness of establishing strategic alliances, and (c) participating in techno-scientific networks of collaboration, the likelihood for the engagement of their companies in GCE-based eco-innovation processes is high. This expectation became more evident in the more detailed analysis of the results. The results revealed that 50.0 percent of these managers perceived such likelihood as extremely to quite high.

Results for the perceived behavioral control relative to actors and networks are synthesized in Figure 6.8. As noted in the previous section, the darker nuances represent non favorable conditions for eco-innovation in GCE.

Figure 6.8- Scales used to assess the perceived behavioral control relative to actors and networks



Source: author

### 6.4.3 Institutions

In this thesis research, institutions represent those that pertain to the organizational, legal, social and ethical, and political and public domains. It was expected that the managers who perceive that the current institutional set provides their companies with enough protection against imitation, facilitate and guarantee the appropriability of knowledge and innovation benefits and regulate companies' relationships with other actors (formal and informal and market and non-market) are likely to be more prone to engage in eco-innovation activities (cf. Chapter 5).

Table 6.35 listed the beliefs that that may be held by managers, in the industrial organization, in relation to their perceived behavior control over the institutional set in which their companies operate.

Table 6.35- Possible sources of perceived behavior control relative to the current innovation related institutional set in which companies operate

INSTITUTIONS	Institutional Domains
•inst1-	Organizational
•inst2-	Legal
•inst3-	Social and ethical
•inst4-	Political and public

Note: the notation "inst" referred to beliefs pertaining to realm of current innovation related innovation set upon which the questions or statements of this thesis research's questionnaire were constructed.

Source: author

Table 6.36 presented results of a detailed analysis of how managers perceived each of the beliefs that are associated with the institutional set that influence eco- innovation processes.

*Table 6.36-* Detailed representation of the results of this thesis research’s survey regarding managers’ perceptions in respect to current innovation related institutional set

Questions of the Questionnaire/Beliefs	Overall Assessment of the Perceptions of Networks of Collaboration (%)			Detailed Assessment of the Perceptions of Networks of Collaboration (%)						
	Willingness Unfavorable Zone	Uncertain	Willingness Favorable Zone	Willingness Unfavorable Zone			Uncertain	Willingness Favorable Zone		
	Overall Results		Overall Results	Extremely	Quite	Moderately		Moderately	Quite	Extremely
inst1- Organizational	16.7	19.4	63.9	2.8	8.3	5.6	19.4	33.3	22.2	8.3
inst2- Legal	25.0	22.2	52.8	2.8	8.3	13.9	22.2	19.4	30.6	2.8
inst3- Social and ethical	16.7	36.1	47.2	2.8	2.8	11.1	36.1	22.2	22.2	2.8
inst4- Political and public	47.2	11.1	41.7	5.6	13.9	27.8	11.1	19.4	13.9	8.3
Overall response percentage per rank	26.4	22.2	51.4	3.5	8.3	14.6	22.2	23.6	22.2	5.6
INST- Direct measure of the perceptions related to institutions at the domain level	27.8	16.7	55.6	0.0	8.3	19.4	16.7	33.3	16.7	5.6

Source: author

From the qualitative survey results, it is clear that the current innovation-related institutional set was not seen, by the surveyed managers, as providing ample support to the development of companies’ willingness to eco-innovate in GCE. This was supported by the percentage of managers’ responses (51.4 percent) that were favorable to willingness development.

At a more specific level, the percentage of managers who believed that current social and ethical (*inst3*) and political and public institutions (*inst4*) could provide the required protection and incentives for the their companies’ engagement in GCE-based eco-innovation processes indicated that they were a minority. They were outnumbered by the sum of those who had the opposite perception and those who were uncertain about the efficiency and effectiveness of these institutions.

In respect to legal institutions (*inst2*), this relation only marginally favored the perception of the effectiveness and efficiency of these institutions towards innovation.

The most positive point in respect to institutions, as reported by the surveyed managers, regarded the majority of the managers’ trust in the institutions at the organizational level (*inst1*) as truly supportive, flexible and protective regarding GCE-based eco-innovation processes.

### Summary

In terms of the strength of the institutional set in promoting confidence, support and incentives for companies to invest and to engage in GCE-based eco-innovation processes, managers reported to be comfortable in respect to their organizations’ internal institutions and in respect to the legal framework at the national and international levels.

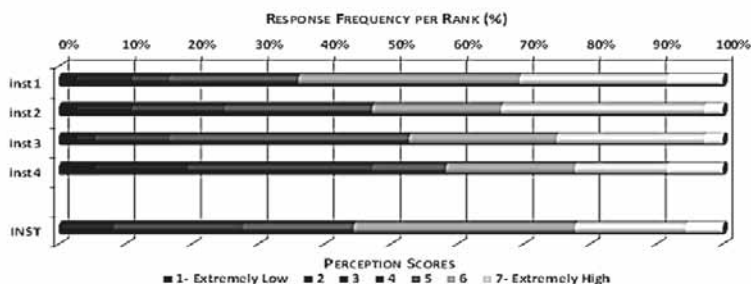
Their comfort decreased when social and ethical institutions were involved. Lower evaluations were perceived in relation to the political and public institutional set. The

majority of the managers perceived that there is a lack of institutional support from these domains or that they exist at such a low strength that they are not sufficient to motivate their companies to deliberately engage in GCE-based eco-innovation processes.

Such perceptions were verified by the direct questions, at the domain level regarding managers' perceptions of current innovation related institutional set (*INST*). Fifty-five percent of the managers responded positively to the question about the capability of current institutions to protect companies and their investments and to encourage firms to engage in GCE-based eco-innovation processes. Almost twenty-eight percent of the managers had the opposite perception.

Results for the perceived behavioral control relative to current innovation related institutional set were synthesized in Figure 6.9. As noted in the previous section, the darker nuances represent non-favorable conditions for eco-innovation in GCE.

Figure 6.9- Scales used to assess the perceived behavioral control over innovation related institutions.



Source: author

## 6.5 Companies Willingness to Eco-Innovate in Green Chemistry and Engineering: Firms' Suggested Planned Behavior

As noted in Chapter 3, the TPB postulates that the intention to perform a behavior constitutes the immediate preceding step to its actual performance.

In this thesis research, intention to perform a behavior was interpreted as the companies', in the Brazilian petrochemical sector, willingness to engage in GCE-based eco-innovation processes (cf. Chapter 3 and 5).

Additionally, it was postulated that behavioral intentions are a direct function of the accumulated connotative load of the (salient) beliefs an individual has about the behavior in question. According to the TPB, behavioral intention (willingness) represents individuals' and organizations' planned behavior.

The direction taken by the strategic planning of a company can be revealed by its planned behavior because planning is generally agreed to be based on the rational expectations of the CEO's, top management and important and influential referents in the company (Montalvo Corral, 2002).



In light of the TPB theory and based upon the responses to this thesis research's quantitative survey, it was possible to draw the planned behavior of the companies in respect to such engagement in the next five years.

By following the relationships that were established by the behavioral model and by the system of hypotheses proposed in Chapter 5, the scope of the planned behavior of firms' was drawn *via* the use of the mean of the scores obtained in the direct measures of willingness and of the behavioral domains.

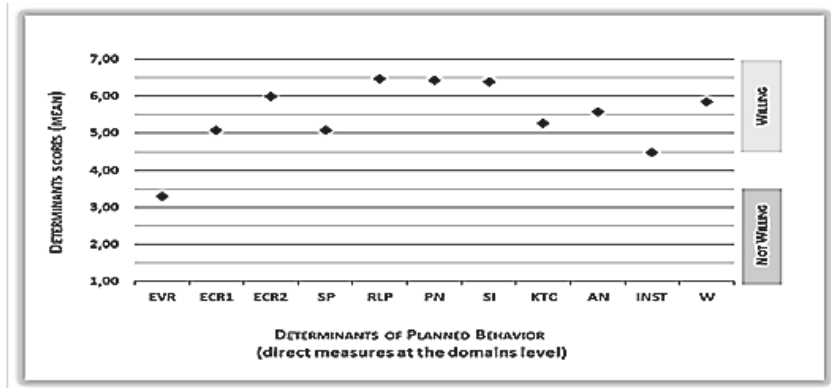
The use of the direct measures of the behavioral domains for the calculation of the companies' planned behavior were based on: (a) the fact that the behavioral domains captured the accumulated connotative load of their respective beliefs, and (b) their capability to predict and explain willingness as it was postulated by the linear causal relationships, between them and willingness. Such linear relationships were proposed by the system of hypothesis in Chapter 5, which were empirically validated *via* statistical multivariate methods (cf. Section 6.6 and Appendices A, B and C).

The planned behavior of companies, in the Brazilian petrochemical sector, is presented in Figure 6.10. In this Figure, the acronyms used for representing willingness and its determinants were the same that were used in this thesis research's questionnaire to identify the questions or statements regarding the direct measures of: (a) willingness, and (b) managers' perceptions at the behavioral domain's level. They were written in capital letters and had the following meanings.

<b>EVR</b>	• Environmental Risks
<b>ECR</b>	• Economic Risks
<b>SP</b>	• Social Pressures
<b>RLP</b>	• Professional Roles Pressures
<b>PN</b>	• Personal Norms (Moral Norms)
<b>SI</b>	• Self-Identity
<b>KTC</b>	• Knowledge and Technologies
<b>AN</b>	• Actors and Networks
<b>INST</b>	• Institutions
<b>W</b>	• Willingness

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*Figure 6.10 – Planned behavior of the companies in the Brazilian petrochemical sector regarding their engagement in eco-innovation processes based in the Green Chemistry and Green engineering*



Source: author

Results presented in

Figure 6.10 corroborate those presented in the preceding sections. Although no optimal score (7) was achieved, managers' perceptions demonstrated a high degree of willingness (*W*) to engage in GCE-based eco-innovation processes in the next five years.

The scores reflected that managers, at the personal and social levels, were very aware of the significance of the environmental issues in their professional activities and responsibilities and had a high perception of the importance of their personal moral and social commitment in reducing the environmental negative impacts produced by their companies (*RLP*, *PN*, *SI*). They also perceived as moderately high, the social pressure (*SP*) arising from the market, local community and regulators, which can push their companies, in the next five years, to adopt/develop cleaner and more sustainable product and process technologies.

In respect to the scores in the attitudinal domains, they were perceived, by managers, as being very low in respect to the environmental risks generated by their firms (*EVR*). The perceived economic risks associated with the engagement in GCE-based eco-innovation processes were reported be low at the same time that managers believed that such GCE-based technologies can generate moderately high benefits (*ECR1*) and very high business opportunities (*ECR2*).

The scores for the control over the requisite resources and opportunities for innovating were found to be moderately high in respect to the access to knowledge and technologies, to the possession of technological and organizational capabilities, to the availability of learning mechanisms and knowledge accumulation, and to the appropriability of the innovation outcomes (*KTC*). In respect to the control over the requisites to establishing and engaging in strategic alliances and networks of technological cooperation, scores were moderately high (*AN*).

Scores were only slightly favorable with regard to the support, incentives and protection to GCE-based investments that can be provided by current institutions (*INST*).

Although the principles and justifications underpinning the measurements of these beliefs and their use to predict and explain companies' willingness, to deliberately engage in GCE-based eco-innovation processes, have been extensively discussed in this thesis research, one basic and important point has not yet been clarified. It is related to the extent

to which the scores that were produced by the survey were reliable and that the inferences on the companies planned behavior are valid. A discussion on the reliability of the measures and on the validity of this thesis research's behavioral model is presented in Section 6.6.

## **6.6 Reliability of the Measurements and the Behavioral Model Validation**

Based on the empirical data obtained in this thesis research' qualitative survey, Section 6.4 presented the measures of the perceptions of managers, in the Brazilian Petrochemical sector, in respect to the determinants of their companies' willingness to engage deliberately in GCE-based processes in the next five years. In parallel, Section 6.5 introduced the companies' planned behavior regarding such behavior. On the other hand, Section 6.5 called attention to the fact that the scores generated by this thesis research's survey as well as the inferences that were made from its results are of no use if these measures are not reliable and if the behavioral model is not valid.

As the conceptual and theoretical aspects and the results of the reliability and validity statistics were extensively presented in Chapter 4, and in Appendices A, B and C, Section 6.6 provided an in-depth discussion of the results of the reliability and validity tests. It also demonstrated the adequacy of this thesis research's questionnaire and behavioral model for explaining and predicting the willingness of companies to engage deliberately in GCE-based eco-innovation processes in the next five years.

### **6.6.1 Reliability of the Measurements**

With respect to the reliability of the measurements, the results presented Table 9.1, of Appendix A, show that all scales used to measure the different behavioral domains, in this thesis research's questionnaire, produced values of the Cronbach's alpha coefficient that surpassed the 0.7 criterion (cf. Section 4.6.1 of Chapter 4). Most of the alpha values approached or surpassed the 0.8 level, which is considered good in psychometric research (Montalvo Corral, 2002). Two scales produced lower values of alpha. The sub-scale assessing appropriability in the perceived control over the knowledge and technologies showed an alpha value of 0.704. In parallel, the same value was obtained for the scale for assessing the perceived environmental risks. In this case, three items were excluded from further analysis (the only three in the entire questionnaire).

These results indicated that the measures employed by this thesis research's quantitative questionnaire to assess the determinants of the planned behavior of the companies in the Brazilian petrochemical sector, in respect to their engagement in GCE-based eco-innovation processes, are satisfactorily one-dimensional, internally consistent and, therefore, they are reliable.

This result coincides with those obtained by Montalvo Corral (2002) and by When de Montalvo (2003) in which "the research procedure of eliciting beliefs and grouping them into domains and into sub-areas within some of the domains is appropriate for producing consistent scales" (When de Montalvo, 2003: 224).

### **6.6.2 Behavioral Model Content Validity**

The results of the principal components analysis, presented in Appendix B, showed similar results for the data set related to the scores obtained for the domains scales and for the data

set associated with scores of the direct measures of the behavioral domains. The confirmatory factor analysis was used to confirm the extent to which the empirical data adhered to this thesis research' proposed structured behavioral model whose structure dictates that the number of factors to be extracted should be set to three.

### **Behavioral Domain Scales**

With respect to the principal component analysis, for the data set related to the behavioral domain scales, the results of the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.63) and Bartlett test of sphericity indicated that the dataset had significant correlations between variables (cf. Table 10.1, in Appendix B) and it was therefore, adequate for the factor analysis.

The analysis, after the performance of a Varimax factor rotation, produced three factors with *eigenvalues* of 3.74, 2.35 and 1.29 explaining 70.77 percent of the variance in the sample variables (cf. Table 10.2 in Appendix B).

The first factor, explaining 30.37 percent of the variance, represented: a) the perceived control over the opportunities and requisite resources for engaging in GCE-based eco-innovation processes and corresponded to scales pertaining to the knowledge and technologies, actors and networks and institutions behavioral domains ( $\sum ktc$ ,  $\sum an$ ,  $\sum inst$ ), and b) scales belonging to the perceived social pressure ( $\sum sp$ ). The second factor was related to the perceived social factor's pressures behavioral domain scales. It explained 25.94 percent of the variance in the sample and represented the perceived social pressure towards eco-innovating arising from the market, from the communities and from the regulation ( $\sum sp$ ) and by the managers' social and personal norm ( $\sum rlp$ ,  $\sum pn$ ,  $\sum si$ ). The third and last factor explained 14.41 percent of the variance. It represented the attitude towards eco-innovating in GCE and the perceptions of environmental and economic risks ( $\sum evr$ ,  $\sum ecr$ ).

### **Direct measures of the domains**

The principal component analysis, conducted for the data set associated with the direct measures of the behavioral domains, produced similar results as those obtained for the measures related to the behavioral domains scales. The results of the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.64) and the Bartlett test of sphericity showed that the dataset had significant correlations between variables (cf. Table 10.4 in Appendix B) and it was, therefore, adequate for the factor analysis.

After the performance of a Varimax factor rotation, the three factors that were extracted had eigenvalues of 3.02, 2.28 and 1.18 and explained 72.11 percent of the total variance in the sample. These results are presented in Table 10.5 of Appendix B.

The first factor, the perceived behavior control factor, explained 33.58 percent of the variance. It was composed by the variables representing the companies' capabilities to engage in GCE-based eco-innovation processes and the innovation related institutional set (*KTC*, *AN*, *INST*). The second factor, explained 25.42 percent of the variance. It encompassed the perceived social and personal pressures (*SP*, *RLP*, *PN*, *SI*). The third factor, representing the attitudinal determinants of willingness, explained 13.12 percent of the variance and corresponded to the indexes of environmental (*EVR*) and economic (*ECR*) risks.

## Expected Outcomes from the Validity Analysis

A more thorough interpretation of these results can be conducted based on the three outcomes that were expected from this analysis, which according to Montalvo Corral (2002) were:

- a) The first outcome is related to content validity that refers to the confirmation of the proportionality between the domain scales scores and the scores of the direct measures. This is one of the implicit propositions of the Theory of Planned Behavior. Montalvo Corral (*ibid*: 206) emphasized that “to confirm such proportionality, the results of the principal component analyses in both datasets should produce similar structural clustering and should show a set of similar loadings within each factor for both domain scales and direct measures.
- b) The second outcome referred to the confirmation that the proposed scales measure what they are intended to measure. In order to verify that the structure of the data fits or corresponds to the proposed theoretical structure “the clustering of the scales resulting from their inter-correlation should be consistent with the nature of the factors in the construct definition” (*ibid*: 206 *apud* Ghiselli *et al.*, 1981);
- c) The third outcome, was concerned to “how well the entire set of scales represented all aspects that the model was expected to capture” (*ibid*: 207). It is related to the amount of variance on the sample that can be explained by the behavioral domain. The degree of comprehensiveness of the model was directly related to the amount of variance that it is capable to capture (*ibid*).

In respect to first expected outcome, the results presented in Table 10.3 and Table 10.6, in Appendix B, showed that the domain scales and the direct measures loaded the three factors in a very similar manner and presented similar loading values. This represented a clear indication of the proportionality of both datasets.

In terms of the verification of the correspondence of the data to the proposed model's structure, the second expected outcome, it can be argued that the empirical components extracted in the principal component analysis, corresponded closely to the structure and contents of the behavioral model that were proposed in Chapter 5. Some deviations were observed in respect to:

- a) The social pressure (*SP*), which besides loading on the perceived social factors pressure (*PSFP*) factor (expected loading) it also loaded on the perceived behavioral control (*PBC*) factor in both levels of analysis (domain scales and direct measures of the behavioral domains) (cf. Table 10.3 and Table 10.6 in Appendix B);
- b) The perceived professional roles (*r/p*), which besides loading on the perceived social factors pressure (*PSFP*) factor (expected loading) of the domain scales, it also loaded on the perceived behavioral control (*PBC*) factor in the direct measures of the domains level of analysis (cf. Table 10.3 and Table 10.6 in Appendix B);

This suggested that there are relevant relationships between the social pressure and professional roles domains with the perceived behavioral control. The strength of such relationships is presented by the bivariate correlations in Appendix D, between:

- The direct measures of the social pressure (*SP*) and the professional roles (*RLP*) with the direct measures of the three behavioral domains that form the perceived behavior construct (*KTC*, *AN* and *INST*) (cf. Table 12.1 of Appendix D), and
- The domain scales for the social pressure  $\sum sp$  and the domains scales that are associated with the three behavioral domains that form the perceived behavior control domains construct ( $\sum ktc$ ,  $\sum an$  and  $\sum inst$ ) (cf. Table 12.2 of Appendix D).

These evidences indicated the existence of positive relationships between the social pressures and professional roles with the perceived behavioral control over the requisite opportunities and resources for companies' engagement in GCE-based eco-innovation processes. They suggested that the need for the control over the requisite opportunities and resources for eco-innovating in GCE, in terms of knowledge and technologies (*KTC*), actors and networks (*AN*) and innovation supporting institutions (*INST*) may increase as social pressures (social norm and professional roles) towards a cleaner and more sustainable petrochemical industry increases. An in-depth analysis of these relations and their influence on willingness was conducted and is presented in Chapter 7.

Another significant finding from the factor analysis is the negative loading of the economic risk perception in the attitude component (cf. Table 10.3 and Table 10.6 in Appendix B). This inverse relation was also indicated by the bivariate inverse correlations, at the behavioral domains and the domain scales, between the environmental and the economic risk perceptions (cf. Table 12.1 and Table 12.2 of Appendix D).

Based on these findings, it can be argued that, in the realm of this thesis research, the perceived environmental risk is related with the economic risks, associated with eco-innovating in GCE, in an inverse direction. This suggested that perceptions of low environmental risks, of companies' products, processes and services, may induce companies to fail in identifying important and basic environmental challenges. As a consequence, it increased the risk of establishing the wrong GCE-based eco-innovation priorities, which may result in higher economic risks and may fail to take advantages of the market opportunities that may arise from an increasingly demanding market for more sustainable products manufactured by more environmentally sustainable manufacturing processes.

These findings and their related arguments indicated that the empirical data structure corresponded closely to the behavioral model's structure and contents proposed in Chapter 5.

In respect to the third expected outcome, the factor analyses revealed that both datasets, at the direct measures of the behavioral domains and their respective scales, explained a large proportion of the variance in the sample and, therefore, they were capable of capturing most aspects that the model was designed to capture.

Finally, based on the results of the factor analyses and on the attainment of these analyses' expected outcomes, it can be argued that the structure of the empirical data that were obtained by the thesis research's survey corresponded to the behavioral model's contents and the hypothesized structure. Therefore, the behavioral model can be considered valid in respect to its content.

### 6.6.3 Behavioral Model Construct Validity

In respect to the behavioral model's construct validation, as its conceptual, theoretical and computational aspects were covered in detail in Chapter 4 and Appendix C, only the results of the validation process were presented in this section.

Basically, the construct validation of the behavioral model refers to confirmation or falsification of the linear relationships of dependence between the model's proposed dependent and independent variables in the form that they were proposed by a system of hypotheses in Chapter 5. These tests were performed *via* a series of multiple regression analyses. The acceptance or rejection criteria of the proposed hypotheses and the results of the analyses were presented in Section 4.6.2 of Chapter 4 and Appendix C. The results of the analysis of variance are presented in a summarized form in Table 6.37.

Table 6.37– Summary of the analysis of variance for the research's behavioral model's three levels of explanation according to the model's construct validation criteria: the coefficient of determination, the dimension of the standard error of the estimate and the statistical significance of the model

HYPOTHESES	ANOVA			
	R <sup>2</sup>	SE	F	Sig
<b>Explanatory level one</b>				
H <sub>1</sub> : $W = W(A, PSFP, PBC)$	0.65	0.73	17.78	0.000
<b>Explanatory level two</b>				
H <sub>2</sub> : $W = W(EVR, ECR, PSP, RLP, PN, SI, KTC, AN, INST)$	0.72	0.73	7.58	0.000
<b>Explanatory level three</b>				
H <sub>3</sub> : $EVR = EVR(\sum_{b=1}^{13} evr_b)$	0.57	1.42	14.2	0.000
H <sub>4</sub> : $ECR = ECR(\sum_{b=1}^{10} ecr_b)$	0.49	0.86	15.98	0.000
H <sub>5</sub> : $PSP = PSP(\sum_{b=1}^{12} m_p b + \sum_{b=1}^{12} c_p b + \sum_{b=1}^3 r_p b)$	0.81	0.72	33.30	0.000
H <sub>6</sub> : $RLP = RLP(\sum_{b=1}^2 rlp_b)$	0.16	0.78	6.42	0.022
H <sub>7</sub> : $PN = PN(\sum_{b=1}^2 pn_b)$	0.54	0.45	19.05	0.000
H <sub>8</sub> : $SI = SI(\sum_{b=1}^2 si_b)$	0.32	0.51	17.95	0.001
H <sub>9</sub> : $KTC = KTC(\sum_{b=1}^2 ak_b + \sum_{b=1}^5 to_b + \sum_{b=1}^4 app_b + \sum_{b=1}^{13} cm_b)$	0.93	0.35	50.79	0.000
H <sub>10</sub> : $AN = AN(\sum_{b=1}^{12} av_b + \sum_{b=1}^{15} sa_b + \sum_{b=1}^3 nwb_b)$	0.80	0.49	25.10	0.000
H <sub>11</sub> : $INST = INST(\sum_{b=1}^5 inst_b)$	0.62	0.83	26.85	0.000

Source: author

The analysis of these results in confrontation with the criteria for the acceptance or rejection of the hypothesis, presented in Appendix C, showed that:

- a) **Verification of the coefficient of determination (R<sup>2</sup>)<sup>95</sup>:** the variance of the dependent variables, in all hypothesized relationships, were explained by the combinations of the independent variables (combined effect of the prediction statistical variable) as shown by the coefficients of determination. In its first hierarchical level of explanation (the first level-hypothesis H<sub>1</sub>), the model explained 65 percent of the variance of the sample. The second level of explanation (hypothesis H<sub>2</sub>), based on which all inferences in respect to willingness formation were made (cf. Chapter 7), explained 72 percent of the variance in willingness.

<sup>95</sup> Coefficient of determination (R<sup>2</sup>) measures the proportion of the variance of the dependent variable, around its mean, that is explained by the independent (predictor) variables. If the regression model is properly applied and estimated, the researcher can assume that the higher the R<sup>2</sup> value, the higher the explanation power of the regression equation and, therefore, better predictions of the dependent variable are obtained (Hair *et al.*, 2005).

- b) **The dimension of the standard error of the estimate (SE):** the standard errors of the estimates, in all hypothesized relationships were below or very close to 1.0. This indicated that there is a satisfactory level of prediction (cf. Section 4.6.2 of Chapter 4);
- c) **Significance test of the general regression model:** the results showed that the regression model fit the population from which the data were sampled and the F-tests were significant at the 0.05 level. This demonstrated that at least one of the coefficients was not zero;
- d) **Significance test for the regression coefficients:** the stepwise regression method selected the significant regressions coefficients (cf. Appendix C). Due to small sample size that was obtained by this thesis research's quantitative survey, some regression coefficients, although having low collinearity, they failed to be proved significant;
- e) **Assessment of the impact of the multicollinearity in the regression model:** all variables presenting significant coefficients, selected by the stepwise regression method, showed low collinearity (tolerances values superior to 5 and VIF below 5) (cf. Appendix C);
- f) **Assessment of the normality of the distribution of the residuals:** the visual inspection of the normal probability plots of the residues showed distributions that approximate the normal distribution ("fat pencil" test<sup>96</sup>).

The results presented in Table 6.37, indicated that: (a) for every hypothesis, there is a linear relationship of dependence between the dependent and independent (predictors) variables, (b) the system of hypotheses was not rejected and, as a consequence, the links of causality that were proposed can be accepted. **This verified that the behavioral model is valid and can be used to explain and predict willingness in the context to which it was designed.**

These results verified what was posited in Section 4.6.2, in Chapter 4, in respect to the importance and necessity of the construct validation of this thesis research's behavioral model. Based on the findings, it can be argued that the model measures the concept it was intended to measure and that the measures relate to other measures consistent with the theoretically derived hypotheses that were proposed in Chapter 5.

## Summary

As a concluding remark, in light of the analytical tests' results, it can be argued that the results presented in Section 6.6, attested to the reliability and validity of the measurements involved in this thesis research. In parallel, it answered the question posed at the conclusion of Section 6.5 about the extent to which the scores presented, in the analyses, conducted in the previous sections of this chapter, were reliable and the behavioral model is valid.

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<sup>96</sup> If the hypothesized normal distribution adequately describes the data, the plotted points fall approximately along a straight line. If the plotted points deviate significantly from the straight line, especially at the ends, then the hypothesized distribution is not appropriate. In assessing the "closeness" of the points to a straight line, the "fat pencil" test is often used. If the points, are all covered by the imaginary pencil, then the hypothesized distribution is likely to be appropriate. ([http://www.statit.com/support/quality\\_practice\\_tips/normal\\_probability\\_plot\\_interpre.shtml](http://www.statit.com/support/quality_practice_tips/normal_probability_plot_interpre.shtml)), accessed in May, 2012.



It can be concluded that the model appropriately measured and explained the planned behavior of the Brazilian petrochemical companies in the sample (cf. Section 6.5), for the next five years (time criterion adopted in this thesis research)<sup>97</sup>, in respect to their willingness to engage in GCE-based eco-innovation activities. It was found to appropriately predict changes that can occur to companies' willingness as a consequence of changes in the perceptions of their managers in relation to its determinants. These predictions can be used to support the development of policies focused on the promotion of companies' engagement in GCE-based eco-innovation activities. This issue is explored in Chapter 7.

At the conclusion of Chapter 6, it is important to call the readers' attention that it provided the base upon which Chapter 7 was developed, where a deeper study on the significant determinants of willingness was conducted and the best conditions for willingness, in the context of this research, were identified. In parallel it also provided the basic elements for this thesis research's qualitative survey to be developed.

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<sup>97</sup> "Intentions can change overtime, the longer the time interval, the greater the likelihood that events will occur or new information will produce changes in intentions" (Montalvo Corral, 2002: 40)

## **7. Leveraging Companies' Willingness to Engage in Eco-Innovation Processes and Implementing Green Chemistry and Green Engineering at the Sector Level**

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### **7.0 Introduction**

The behavioral aspects of innovation are the core interest of this thesis research. In this sense, measuring and explaining Brazilian petrochemical companies' current willingness to engage deliberately in Green Chemistry and Green Engineering (GCE)-based eco-innovation processes was its prime objective. On the other hand, identifying conditions in which such willingness could be enhanced was its second, but not less important, aspiration.

In this respect, it was proposed in Chapter 3 that such an explanation and prediction could be achieved *via* a Theory of Planned Behavior (TPB)-based structural behavioral model. This constituted the meta-theoretical model that congregated theories from diverse fields of knowledge that are related to the determinants of willingness to perform the behavior that was under study in the context of this thesis research (cf. Chapter 5). Additionally, it was also established, as a *sine qua non* condition for the conduction of acceptable exercises of willingness explanation and prediction, that the model must be valid and the measures of the variables that determined willingness were reliable. Such reliability and validity were demonstrated, based upon information presented in Section 6.6.2 and upon the results of the statistical analyses presented in Appendices A, B and C.

Chapter 4 presented and discussed the methodological aspects involved in measuring and explaining of companies' current planned behavior (willingness) towards their engagement in GCE-based eco-innovation processes. Drawing on the empirical results obtained by the thesis researcher's quantitative survey (cf. Chapter 6), and with the support of the validity statistics presented in Appendix C, Chapter 7 delved into the theory, empirical data and statistical analyses and identified the contributions of the significant beliefs and of the behavior domains to the willingness formation (Section 7.1). It also investigated the conditions under which companies' willingness can be enhanced and intensified (Section 7.2). Based on statistical analyses Section 7.3 identified the significant willingness determinants based on which policies and strategies, aimed at companies' engagement in GCE-based eco-innovation, can be designed. Suggestions for such policies and strategies were presented in section 7.5.

It is important to emphasize that, in this thesis research, the significant determinants of willingness were interpreted as guidance elements that can contribute to the development of governmental, sectoral and corporate policies or strategies as a means to facilitate and to incentivize GCE-based eco-innovation at the company and sector levels of the petrochemical industry. They are not and should not be interpreted as being policy instruments themselves.

Section 7.4 presented results of a study based on this thesis survey's qualitative survey (in-depth interviews, with managers, environmental agencies and the trade association (ABIQUIM)). That study was conducted to test, *via* qualitative means, the agreement with or disagreement with the results of the quantitative survey's results and to explore the agents' perceptions on GCE and on the GCE-based eco-innovation processes. It also

promoted a study on their perceptions and mutual relations regarding the promotion, dissemination and implementation of GCE at the company and at the sector levels (Section 7.6).

### **7.1 From Beliefs to Intention: Explaining How Beliefs Influence Willingness Formation**

As noted in Chapters 3 and 5, behavioral intention (willingness) is formed by the accumulated connotative load of the beliefs an individual has about a behavior.

The understanding of how these processes occur and having a clear picture of the extent to which these determinants influence the development of willingness are fundamental elements in identifying “leverage points” that can be used in the design of strategies and policies aimed at promoting the engagement of companies in eco-innovation processes. It is expected that such policies and strategies are able to induce the formation of new innovation systems as well as to strengthen existing ones.

According to this thesis research’s TPB based structural behavioral model, willingness can be explained by its determinants in the form that it was proposed in the model’s first and second levels of explanation (cf. Figure 5.7, in Chapter 5) and via the relationships hypothesized in hypothesis 1 ( $H_1$ ) and hypothesis 2 ( $H_2$ ) in Section 5.3 of Chapter 5.

These hypotheses differed from one another by the nature of their determinants. While,  $H_1$ , at the most basic level of explanation, was associated with the model’s three basic constructs ( $H_1: W = W(A, PSFP, PBC)$ ),  $H_2$  hypothesized that willingness is a function of the behavioral domains ( $H_2: W = W(EVR, ECR, PSP, RLP, PN, SI, KTC, AN, INST)$ ).

Although, the test of  $H_1$  was important to verify the validity of the adaptation of the TPB to assess willingness to engage in GCE-based eco-innovation processes, “with respect to policy analysis, it was more appropriate to perform the analysis at the domain level, if the intention is, at a later stage, to simulate scenarios” (Montalvo Corral, 2002: 212). For this reason, the direct measures of the overall perceptions at the domain level were considered in the explanation and prediction of willingness in this Chapter.

By using the hypothesis system proposed in Chapter 5 in conjunction with the results of the statistical analyses of the thesis research’s behavioral model validation (cf. Section 6.6 of Chapter 6 and Appendices B and C), this section explains the degree of influence of the main determinants in willingness formation within the context of this research.

Besides demonstrating the existence and the validity of these linear causal relationships, the linear multiple regression analysis provided an extensive explanation of the degree of influence that different behavioral domains exert on companies’ willingness to engage deliberately in GCE-based eco-innovation processes. The overall contribution of each of the behavioral domains to willingness formation was presented in Table 7.1.

Table 7.1– Contributions of the behavioral domains to the willingness formation as indicated by the regression analyses<sup>98</sup>

Willingness Constructs	Behavioral Domains	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	% Explained Variance (cumulative)	Std. Error of the Estimate	% Explained Variance (constructs)
Attitude	EVR	0,200	0,040	0,020	4,040	1,070	15,74
	ECR	0,400	0,160	0,120	15,740	1,050	
	SP	0,550	0,300	0,240	30,290	0,870	
Perceived Social Factors Pressure	RLP	0,640	0,410	0,330	40,660	0,810	26,85
	PN	0,650	0,420	0,339	42,190	0,790	
	SI	0,650	0,430	0,341	42,590	0,810	
Perceived Behavior Control	KTC	0,740	0,550	0,460	55,030	0,790	29,8
	AN	0,850	0,722	0,620	72,170	0,730	
	INST	0,850	0,724	0,621	72,400	0,740	

Source: author

According to Table 6.37 (cf. Chapter 6) and Table 11.4, in Appendix C, the results of the regression analysis revealed a coefficient of determination of  $R^2 = 0.72$ . That is, in the context of this thesis research, 72 percent of the total variance of willingness ( $W$ ) was explained by the regression equation of willingness against the behavioral domains.

In this respect, Table 7.1 showed that the behavioral domains associated with the perceived behavior control ( $PBC$ ) construct accounted for 29.8 percent of the variance. The largest contributions to the explanation of such variance came from the actors and networks ( $AN$ ) and the knowledge and technologies ( $KTC$ ) domains, which accounted for 17.13 percent and 12.44 of the variance percent respectively. The institutions' ( $INST$ ) domain provided minimal contribution.

With regard the knowledge and technologies domain, the beliefs associated with the accessibility to knowledge ( $ak$ ), technological opportunities ( $to$ ) and knowledge cumulateness ( $cmt$ ) were presented as the most significant ones and accounted for 93.8 percent of the variance of that domain (cf. Figure 7.1, Table 7.8, Table 11.25 and Table 11.27 in Appendix C).

In respect to the actors and networks behavioral domain, the beliefs related to the availability of internal actors holding key capabilities ( $avc$ ), to the capabilities to establish strategic alliances ( $sac$ ) and those related to the control over the requisite resources and opportunities to form or to participate in networks of collaboration ( $nvc$ ) appeared as the most significant ones. They accounted for 80.7 percent of the variance of the domain (cf. Figure 7.1, Table 7.8, Table 11.28 and Table 11.30 in Appendix C).

The second largest contributing construct to the explanation of companies' willingness to engage in GCE-based eco-innovation processes was represented by the perceived social factors pressure ( $PSFP$ ) whose set of behavioral domains accounted for 26.85 percent of the variance (cf. Table 7.1).

<sup>98</sup> Methodological note: The computation of the individual contribution of the behavioral domains to willingness explanation was conducted in two steps. First, the entire multiple regression method analysis was performed to test the validity of the hypothesized causal relationship. Second, the behavioral domains were run again with a forward multiple regression method to assess their individual contributions to explain willingness.

Within this construct, the perceived social pressure domain (*SP*) accounted for 14.55 percent of the variance. Its three component beliefs, in turn, accounted for 81.10 percent of the variance of the domain (cf. Table 11.13 in Appendix C). In this case, the beliefs associated with the perceived community pressure (*cp*) and the perceived regulatory pressures (*rp*) were found to be the most significant (cf. Figure 7.1, Table 7.7 and Table 11.15 in Appendix C). On the other hand, the beliefs encompassed in the perceived professional roles domains explained 10.37 percent of the variance of willingness. In this behavioral domain, managers' professional roles, in respect to the environmental culture and values within organizations (*rlp4*), were found to be the most significant belief (cf. Table 11.18 in Appendix C) and accounted for 15.9 percent of the variance of the domain (cf. Table 11.16).

The attitudinal behavioral domain provided the lowest contribution to the explanation of formation of companies' willingness to engage in GCE-based eco-innovation processes. Together, the two domains, environmental risk (*EVR*) and economic risk (*ECR*) accounted for 15.74 percent of the variance with individual contributions of 4.04 percent and 11.70 percent respectively (cf. Table 7.1).

The regression analysis results showed that the statistically significant beliefs associated with the environmental risk behavioral domains accounted for 57.1 percent of the variance in this domain (cf. Table 11.7). In this respect, the perception of: (a) the extent of the impacts (do not have global impacts-have global impacts), (b) the extent to which managers were affected by the environmental risks (does not affect me-does affect me), and (c) the perception of how new and known these risks were (old risks-new risks) (cf. Table 5.2 in Chapter 5) were found to be significant (cf. Table 11.9 in Appendix C).

In respect to the explanatory power of the economic risk behavioral domain, it accounted for 11.70 percent of the variance with regard to willingness to engage in GCE-based eco-innovation processes (cf. Table 7.1). In this domain, economic opportunities and technological risks were the significant beliefs, which accounted for 49.2 percent of the variance (cf. Table 11.10 and Table 11.12).

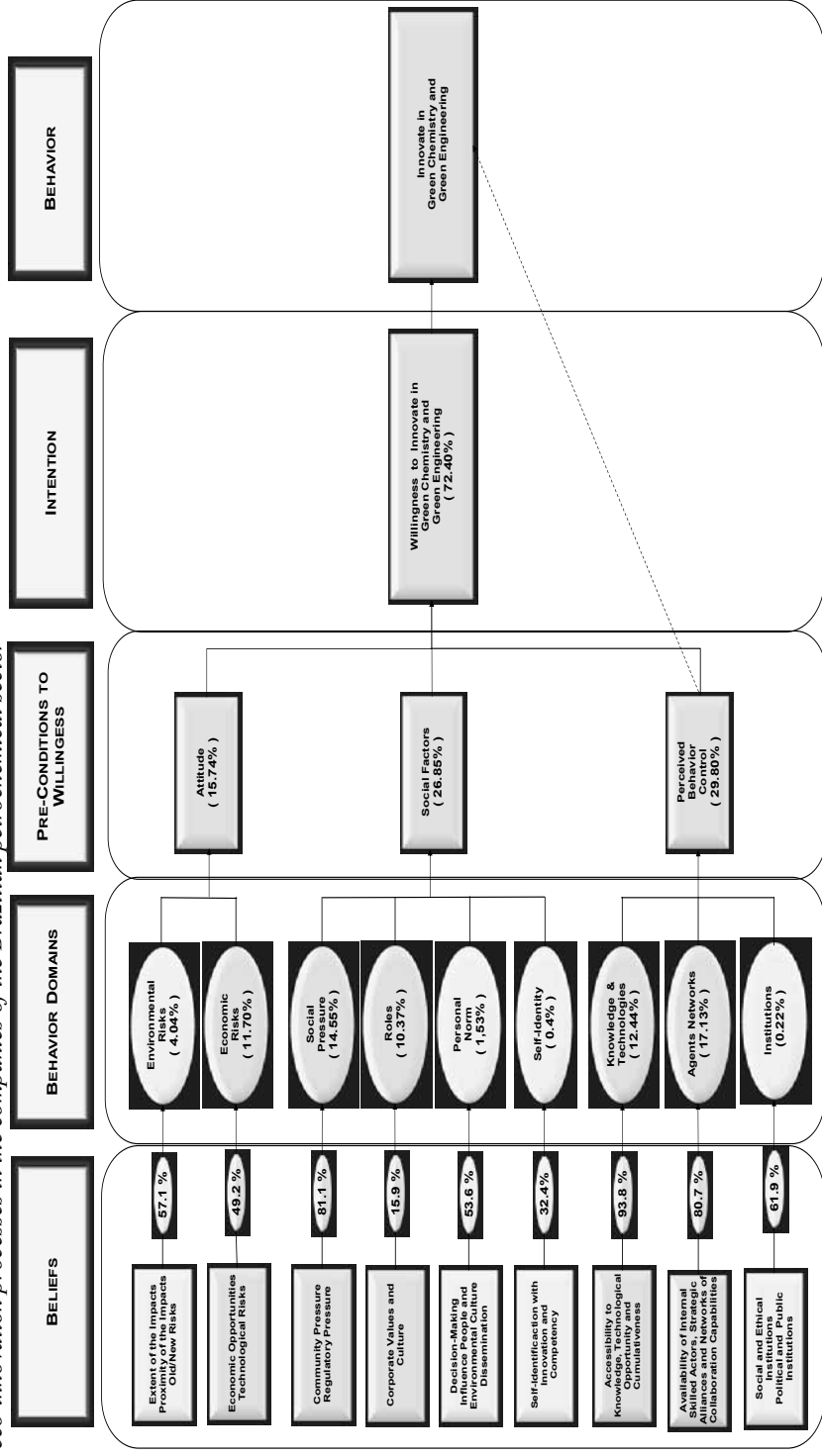
The argumentations about the explanatory power of this research's behavioral model was synthesized and pictorially presented in Figure 7.1. The explanatory weight of the behavioral domains and their associated beliefs were obtained from the multiple regression analyses of the linear relationships that were proposed by the system of hypothesis in Section 5.3 of Chapter 5. These results were presented in Appendix C and in Table 7.1:

- a) Table 7.1 provided a summary of the results of the multiple regression analysis regarding willingness against the nine behavioral domains. It showed the degree to which each of the behavioral domains and willingness constructs contributed to willingness explanation, and
- b) Appendix C provided the results of analysis of variance of all proposed hypotheses of this thesis.

Figure 7.1 presented the results of the analysis of variance in a linear and hierarchical sequence that linked beliefs to behavioral intention (willingness).

- a) **Beliefs → behavioral domains:** e.g., the statistically significant beliefs associated with the environmental and the economic risk behavioral domains were listed in the extreme left of Figure 7.1. In this case, environmental and economic risks accounted for 57.1 percent and 49.2 percent of the variance in their respective behavioral domains;
- b) **Behavioral domains → attitude construct → willingness:** e.g., the environmental and economic risks behavioral domains accounted for 4.04 percent and 11.79 percent respectively of the variance in willingness. As a consequence, the behavior model's attitude construct accounted for of 15.74 percent in willingness, and
- c) The total explained variance was computed by the sum of the variance accounted for by the three constructs in the model

Figure 7.1—The thesis research model's behavioral domains explanatory weight regarding companies' willingness to engage in GCE-based eco-innovation processes in the companies of the Brazilian petrochemical sector



Source: author

### 7.1.1 Discussion

A closer look into the results of the regression analyses presented in the previous paragraphs, and in Figure 7.1, shows relevant points for the interpretation of the formation of Brazilian petrochemical companies' willingness, to engage in GCE-based eco-innovation processes.

The first point to highlight is the relevance of the extensions that were introduced to the TPB's original social norm construct (cf. Chapters 3 and 5) as a means to expand the thesis researcher's behavioral model explanatory power.

As noted in Chapter 5, this proposition took the form of the incorporation of additional social and personal normative elements to the TPB's normative construct. The social elements were proposed based on the Theory of Interpersonal Behavior (TIP) (Triandis, 1977) and were represented by professional roles and self-identity. The personal normative dimension regarded Schwartz's (1977) concept of personal moral norms.

Although self-identity played a minimal role in explaining willingness, the personal norm and the professional roles domains were able to capture managers' perception of their moral and professional postures regarding their engagement in GCE-based eco-innovation processes.

According to Conner and Armitage (1998: 1442), studies have found that personal (moral) norm "had an effect on intention and independently predicted attitudes. The evidence, therefore, suggested that the "moral norm is closely linked to attitudes and may, at least for some behaviors, be an antecedent" as argued by Conner and Armitage (1998: 1442). In this thesis research, the bivariate correlation between personal norm and attitude ( $0.45 < .01$ ) suggested the existence of such a relation.

As the precise role of moral norms will depend on the nature of the behavior (*ibid*), a clear picture relative to the role of personal norm and its relation to intention, in the context of this thesis research, requires further and specific research, which is beyond the objectives of this thesis.

Another finding confirms what has been found in other studies with regard to the link between personal norm and self-identity (cf. Conner and Armitage, 1998). This close link was indicated by their high bivariate correlation index of  $0.738 (< .01)$ . Personal norms differ from self-identity as they take account of personal, rather than societal values.

The last remark concerns the low contribution of the self-identity behavioral domain to the explanation of companies' intention (willingness) to engage in GCE-based eco-innovation processes (0.4 percent). In the current study the correlation of self-identity and willingness was very low (0.05). This was an unexpected result since; according to Chang *et al.* (1988) identity theory captures the influence of the wider social context on individual actors, linking a particular behavior to some identifiable social characteristic or category of the actors. Managers in the research context showed high scores of self-identification with the roles identity proposed in this thesis research (i.e., self-identification with environmental sustainability issues and self-identification with innovativeness and competency).



According to Sparks and Shepherd (1992: 390 *apud* Fishbein and Ajzen's, 1975), "a person's self-identity is reflected in that person's beliefs, values, and attitudes and that the inclusion of self-identity as a component of a model should not represent a theoretical or empirical advance". Despite this theoretical position, self-identity has been found to be an independent predictor of intention for a number of behaviors (cf. Armitage and Conner, 1999; Charng *et al.*, 1988; Conner and Armitage, 1998; Fielding *et al.*, 2008; Smith *et al.*, 2007; Sparks and Guthrie, 1998, Terry *et al.*, 1999).

In these studies, it was shown that the theoretical grounds for the existence, or non-existence, of such intention (willingness) predictive character of self-identity can be many and diverse. Depending on the behavior, the roles identity under study within the research context, these findings sometimes contradicted the results of other studies. This is the case of the research results relative to how the interaction of self-identity and past behavior influence intention. In such studies, depending on the behavior and on the research context, the moderating effect of past behavior on the self-identity-intention relationship can vary and sometimes they are absent (Terry *et al.*, 1999)

The debate on whether self-identity effects simply reflect overlap with other TPB constructs has also been the object of extensive investigation (cf. Fekadu and Kraft, 2001; Fishbein, 1997; Sparks, 2000). In this respect, according to Conner and Armitage (1998: 1445), it is reasonable to assume that, when coupled with a strong self-identity, attitudes will become ever stronger due to mechanisms of attitudinal consistency (...) perhaps manifested in individuals seeking attitudinally relevant situations".

In this respect, although not being conclusive, the bivariate correlation between self-identity and attitude ( $0.507 < .01$ ), in this thesis research, may indicate a congruence with Spark and Shepherd's (1992) argument about the likelihood of existence of a bidirectional causal relationship between a person's self-identity and his or her attitudinal evaluations.

On the basis of multiple research studies, Conner and Armitage (1998) argued that it is plausible to assume that there are certain behaviors for which self-identity is an important determinant of intention. That is, the effects of self-identity may vary depending to the behavior under study.

Based on the aforementioned research on self-identity, in the realm of the TBB, it can be argued that finding the origins for such low explanatory level of self-identity, for the context of this research requires additional specific further research, which is beyond the scope of this thesis research.

## **7.2 Enhancing Willingness to Eco-Innovate**

Section 7.1 presented the significant determinants of Brazilian petrochemical companies' willingness to engage in GCE-based eco-innovation processes. The findings were based upon the perceptions of companies' managers and influential decision-makers within the corporations, in respect to factors belonging to attitudinal, social, personal and behavioral beliefs that ultimately influence willingness to deliberately engage in such processes.

The results presented in Chapter 6 showed the current status of the respondent's level of willingness to engage their companies in implementing GCE. The understanding of the structural relations between these determinants and the degree of influence that they have

on willingness, provided important and useful instruments for designing policies and strategies to enhance the levels of such willingness.

It is important to emphasize that the concept of willingness, in the context of this thesis research, not only denotes the disposition to perform the behavior that is under study, it also connotes a sense of preparedness to perform such behavior. Preparedness was incorporated into this research's behavioral model in the form that it was proposed by the perceived behavioral construct of the TPB (cf. Chapters 3 and 5). In this work, preparedness was understood as the existence of companies' access to the opportunities as well as their possession of the requisite resources to engage in GCE-based eco-innovation processes.

Based on this argumentation, it is plausible that the enhancement of such willingness in order to increase the likelihood of the implementation of the expected courses of action should be an objective to be pursued. Willingness enhancement is not a random process. On the contrary, it requires elaboration and the identification of appropriate policies and/or strategies based on which actions can be brought about (cf. Montalvo Corral, 2002).

Although Section 7.1 presented the willingness determinants that are currently more significant, policies/strategies at the company, sectoral and governmental levels that encompass the integrity of them may not be viable in terms of conception, integration, resources, implementation timing and costs. Good policies/strategies can be designed and resources can be more efficiently allocated in cases in which they are based on specific conditions that can promote better chances of success with the use of minimum efforts. Finding such conditions is equal to the identification of the system's "leverage points".

"Leverage points" is a term coined in the system dynamics<sup>99</sup> field that connotes "places within a complex system (a corporation, an economy, a living body, a city, an ecosystem) where a small shift in one thing can produce big changes in everything" (Meadows, 1999: 1). Although the theoretical approach used in this thesis research, for the study of willingness, was not related to the theory of complex systems, the concept of "leverage points" is valid and applicable.

In the case of this thesis research, the "leverage points" were indicated by the achievement of highest values of the estimated willingness ( $W_{est}$ ) produced by the introduction of changes in the preconditions associated with firms' engagement in GCE-based eco-innovation processes. This was obtained by a series of simulations. These simulations represented possible scenarios that can occur as a result of modifications to the current state of the nine behavioral domains that constitute the willingness determinants.

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<sup>99</sup> System dynamics is an approach to understanding the behavior of complex systems over time. It deals with internal feedback loops and time delays that affect the behavior of the entire system.

Such changes were simulated by modifying the behavioral domains' indexes (scores from one to seven) in a simulation equation that represented the linear relationship between intention (willingness) and its determinants, which was amplified upon in Section 5.6.2 of Chapter 5:

$$B = w_0 + w_1A + w_2PSPF + w_3PBC$$

The equation's " $w_n$ " weighting parameters were empirically determined by the multiple linear regression of willingness ( $W$ ) on the nine behavioral domains (the predictor variables  $EVR$ ,  $ECR$ ,  $SP$ ,  $RLP$ ,  $PN$ ,  $SI$ ,  $KTC$ ,  $AN$ ,  $INST$ ) (cf. Section 5.6.2 of Chapter 5). Such multiple regression analyses produced the following statistical variables for the regression, which represent the willingness predictor equation in the context of this thesis research.

$$W = -2.051 + 0.029EVR + 0.2ECR + 0.239SP + 0.102RLP + 0.088PN + 0.069SI + 0.210KTC + 0.419AN + 0.05INST \quad (\text{Eq. 7.1})$$

The low standard error of the estimate of willingness in the regression analysis (0.738) indicated a satisfactory level of accuracy of prediction (cf. Table 11.4 in Appendix C).

In the simulation process, the behavioral domains were used individually and in conjunction in order to identify the best combination that could produce the highest estimated willingness value.

As previously noted, the main idea underpinning the simulations was, based on current scenario, to find the best points to intervene (leverage points) *via* policies in order to promote the strengthening of willingness without promoting general and unnecessary changes in the whole system. In this respect, Box 7.1 presents the sequence that was used in the performance of such simulations:

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*Box 7.1– Procedure that was used to simulate the best conditions for enhancing companies' willingness to engage in GCE-based eco-innovation processes*

**a) Determination of the baseline scenario (BLS):** by using the predictor equation (Eq. 7.1), the simulation of the current estimate of willingness was performed by incorporating the mean of the scores of the behavioral domains that were obtained in the sample related to this thesis research's quantitative survey. These mean scores were presented in Table 7.5;

**b) Determination of the optimal condition for the behavioral domains:** the optimal condition for the behavioral domains were simulated by elevating the behavioral domain's baseline value, as described in item (a), to the optimum value (7). This optimum value follows the maximum value used in the scales that were used in the questionnaire to assess the managers' perceptions;

**c) Simulation exercises:** departing from the baseline scenario simulations, the willingness enhancement simulations were conducted by using the predictor equation (Eq. 8.1) and substituting the optimum scenario value for the behavioral domains that were under study (e.g. environmental risk baseline score = 3.41 → optimal condition = 7.00, economic risk baseline score = 6.00 → optimal condition = 7.00 etc.);

d) The results were presented in the form of: (1) the estimated willingness ( $W_{est}$ ), and (2) the percentage improvement in respect to the baseline scenario (cf. Table 7.2, Table 7.3, Table 7.4 and Table 7.5).

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## 7.2.1 Changes in the Attitudinal Determinants of Willingness

As noted in Section 3.7.1, attitude is a function of managers' and key decision-makers' perceived consequences (outcomes) of performing a behavior and of the person's evaluation of its consequences. The willingness to perform, or to not perform, a specific behavior is dependent on a favorable or unfavorable evaluation that a firm's manager has about the expected outcomes.

As noted in Chapter 5, in the eco-innovation realm, the main concept behind this evaluation was risk (Montalvo Corral, 2002). In this thesis research, the perception of risk was assumed to stem from two domains:

- The **possible environmental impacts** (perceived environmental risk) generated by the firm's operation (products, processes and services) and the perceived environmental relevance of the environmental improvement introduced by the development of cleaner and more sustainable products, processes, services, raw materials and energy sources, and
- The **possible economic consequences** (economic risk and business opportunities) in terms of perceived possible capital losses/gains and business opportunities arising from innovative incremental or radical GCE-based activities under risk or uncertainty.

The main premises supporting the environmental and economic risk domains were:

- Managers who perceived that the environmental risks, originated in the firm’s operations, are beyond their subjective and objective acceptance level, will be more likely to hold stronger willingness to engage in GCE-based eco-innovation processes, and
- Eco-innovating in GCE is likely to occur in cases in which the perceptions of low economic risks are strong and the perceptions of business opportunities are high.

For a better comprehension of the use of the scores in the simulations, it is important to make clear that the optimal scores relate to the most favorable conditions under which willingness formation, or enhancement, is likely to be facilitated. This concept was employed in the construction of all scales in this thesis research’s questionnaire. Therefore, it is important to emphasize that in respect to economic risk, the score of seven represents the most favorable condition associated with willingness development. That is, it is the condition of the lowest economic risk and the highest business opportunities associated with engaging in GCE-based eco-innovation processes.

Based on these arguments, Table 7.2 presented the hypothetical scenarios associated with the attitudinal behavioral domains and their respective estimated willingness ( $W_{est}$ ). The highlighted scores represent the changes that were introduced in the domain condition as compared to the baseline scenario.

In order to avoid unnecessary repetitions, the scores related to the optimal scenarios were highlighted in dark color in all subsequent simulation results tables.

*Table 7.2– Effects of changes in attitudinal behavioral domains on willingness to engage in GCE-based eco-innovation processes*

	Attitude		Perceived Social Factors Pressure				Perceived Behavior Control			Estimated Willingness	% Improvement
	EVR	ER	SP	RLP	PN	SI	KTC	AN	INST	$W_{est}$	-
SCN1	7,00	6,00	5,09	6,47	6,44	6,38	5,27	5,59	4,50	5,91	1,77
SCN2	3,41	7,00	5,09	6,47	6,44	6,38	5,27	5,59	4,50	6,00	3,44
SCN3	7,00	7,00	5,09	6,47	6,44	6,38	5,27	5,59	4,50	6,10	5,21

Source: author

In respect to the hypothetical scenarios, scenarios *SCN1* and *SCN2* tested the individual contribution to willingness formation of the two, attitudinal behavioral domains. The results were analyzed and expressed in terms of estimated willingness ( $W_{est}$ ) and the improved percentage as compared with the estimated value of willingness associated with the baseline scenario (*BLS*).

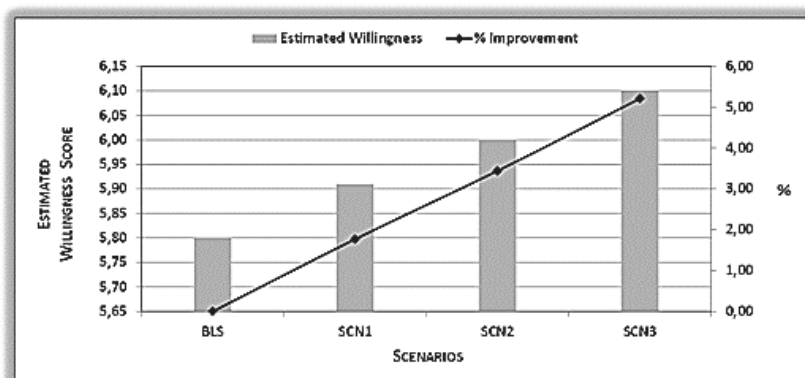
As stated in section 5.2.2, in Chapter 5, it was expected that the managers (companies), which perceived that the environmental risks produced by their companies were high would be more prone to engage in GCE-based eco-innovation processes. *SCN1* simulated such a condition by elevating the environmental risk perception (*EVR*) from the current score of 3.41 to the optimal condition score (7.00). This produced an estimated willingness score ( $W_{est}$ ) of 5.91, which corresponded to an improvement in willingness of 1.77 percent in respect to the baseline condition.

Better results were obtained by increasing the perception of low economic risk and high business opportunities associated with the engagement in GCE-based eco-innovation processes. In this respect, its current condition (score 6.00) was replaced by the optimal condition of high business opportunities and extremely low economic risk (score 7.00). This produced an estimated willingness ( $W_{est}$ ) of 6.00, which represents an improvement of 3.44 percent relative to the *BLS*.

Scenario *SCN3*, was designed to simulate the joint effect of the optimal conditions for both attitudinal domains: high environmental risk perception, perception of low risk and high business opportunities. Such a combination elevated the  $W_{est}$  up to 6.10 representing a gain of 5.21 percent in respect to the *BLS*. This result coincided with the expected outcome. Due to the positive correlation between willingness and both behavioral domains (cf. Appendix D), it was expected that the outcome of joint influences of both behavioral domains represented the sum of their individual contributions to the estimated willingness.

The results of the simulations of willingness based on the attitudinal behavioral domains are pictorially presented in Figure 7.2.

Figure 7.2– Results of willingness simulations regarding the attitude domain



Source: author

### 7.2.2 Changes in the Social and Personal Determinants of Willingness

The TPB proposed the use of a social construct as one of the main determinants of behavioral intention. It takes the form of a subjective norm (social normative beliefs) construct that captures the influences from the individuals or group of individuals for the performance of a behavior.

As noted in Chapters 3 and 5, this thesis researcher proposed an extension to the TPB's subjective norm. For this purpose, the concept of social determinants of behavioral intentions was expanded and, besides including the social pressure behavioral domain (*SP*), it also included the following components of social and personal influence: (a) role beliefs (*RLP*), (b) personal normative (moral) beliefs (*PN*), and (c) self-identity (self-concept) (*SI*) behavioral domains.

In addition to what was presented in the previous section, the simulations of willingness were also intended to observe the influences exerted by important referents on willingness.

They also revealed conditions under which willingness can be improved as a result of their combined influence.

In this respect, scenarios *SCN4* through *SCN7* simulated the individual influence of the social pressure (*SP*), professional roles (*RLP*), personal norms (*PN*) and self-identity (*SI*) behavioral domains on willingness. Table 7.3 presents the results of the simulations in respect to the hypothetical scenarios associated with the social and personal behavioral domain and their respective estimated willingness ( $W_{est}$ ).

Table 7.3- Effects of changes in social and personal behavioral domains on willingness to engage in GCE-based eco-innovation processes

Scenarios	Attitude		Perceived Social Factors Pressure				Perceived Behavior Control			Estimated Willingness	% Improvement
	EVR	ER	SP	RLP	PN	SI	KTC	AN	INST	$W_{est}$	-
SCN4	3.41	6.00	7.00	6.47	6.44	6.38	5.27	5.59	4.50	6.27	5.23
SCN5	3.41	6.00	5.09	7.00	6.44	6.38	5.27	5.59	4.50	5.85	0.76
SCN6	3.41	6.00	5.09	6.47	7.00	6.38	5.27	5.59	4.50	5.84	0.68
SCN7	3.41	6.00	5.09	6.47	6.44	7.00	5.27	5.59	4.50	5.84	0.68
SCN8	3.41	6.00	7.00	7.00	7.00	7.00	5.27	5.59	4.50	6.32	8.99
SCN9	3.41	6.00	7.00	7.00	6.44	6.38	5.27	5.59	4.50	6.42	10.68

Source: author

The elevation of the score relative to the social pressure domain (*SP*), in scenario *SCN4*, from its current value of 5.09 to its optimal value of 7.00, produced an improvement of 8.06 percent in willingness respective to the *BLS* and produced an estimated willingness score of 6.27. Scenario *SCN5* tested the individual influence of the professional roles (*RLP*) on willingness. The substitution of its current score (6.47) by its optimal condition score (7.00) revealed an increase of 0.76 percent in the estimated willingness relative to the *BLS* and an estimated willingness of 5.85.

Scenario *SCN6* represented the individual contribution of the personal norm domain (*PN*). The change from its current score (6.44) to its optimal condition (7.00) produced an estimated willingness score of 5.84, which corresponds to an increase of 0.679 percent in respect to the *BLS*.

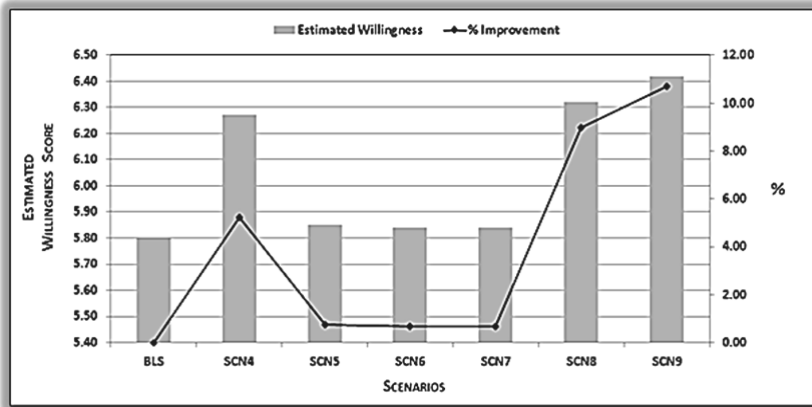
In scenario *SCN7*, the influence of self-identity (*SI*) on willingness followed about the same pattern as the personal norm domain. The result of the simulation produced almost identical results for both domains. In this case, a change in the perception of self-identity from its current mean value of 6.38 to its optimum condition (7.00) produced an increase of 0.67 percent in respect to the *BLS* and an estimated willingness score of 5.84. Such similarity stems from (a) the managers', in the Brazilian petrochemical sector, identical level of perception regarding both domains and (b) the similar contribution of *PN* and *SI* to willingness formation as was shown by the regression equation of willingness against the thesis research's behavioral domains (cf. Appendix C).

Scenarios *SCN8* and *SCN9* simulated the joint contributions of different behavioral domains comprised in the *PSFP* construct. Initially, a simulation was conducted by computing the joint influence of the social pressure (*SP*) and the professional roles (*RLP*) domains (*SCN8*). This combination produced an increase of 8.99 percent in the expected willingness as compared to the *BLS*, and an estimated score of 6.32.

Additionally, another simulation was conducted by simulating the simultaneous contribution of the four behavioral domains of the *PSFP* construct in their optimal state (*SCN9*). This produced an estimated willingness of 6.42, which represented an improvement of 10.68 percent in respect to the *BLS*.

The results of the simulations of willingness based on the behavioral domains pertaining to the social and personal behavioral domain were presented in Table 7.3 and in Figure 7.3.

Figure 7.3- Results of willingness simulations regarding the social and personal behavioral domains



Source: author

### 7.2.3 Changes in the Behavioral Control Determinants of Willingness

The concept of behavioral control (control beliefs) relates to the extent to which the performance of a given behavior is conditioned by individuals' perceptions of control over the ability and availability of opportunities and resources required to perform a given behavior.

The more resources and opportunities an individual perceives that he or she possesses, and the fewer obstacles and impediments that are anticipated, the greater should be their perceived control over the behavior (Ajzen and Madden, 1986)

As noted in Chapter 5, the perceived behavioral control construct is composed by three dimensions: a) knowledge and technological domain, b) actors and networks, and c) institutions. These dimensions are the behavioral domains of the *PBC* construct. They constitute three of the behavioral model's determinants of willingness to engage in GCE-based eco-innovation processes.



Table 7.4 presented the hypothetical scenarios that were associated with the social and personal behavioral domains and their respective estimated willingness ( $W_{est}$ ).

Table 7.4- Effects of changes in social and personal behavioral domains on willingness to engage in GCE-based eco-innovation processes

Scenarios	Attitude		Perceived Social Factors Pressure				Perceived Behavior Control			Estimated Willingness	% Improvement
	EVR	ER	SP	RLP	PN	SI	KTC	AN	INST	$W_{est}$	-
SCN10	3,41	6,00	5,09	6,47	6,44	6,38	7,00	5,59	4,50	6,15	6,04
SCN11	3,41	6,00	5,09	6,47	6,44	6,38	5,27	7,00	4,50	6,38	10,04
SCN12	3,41	6,00	5,09	6,47	6,44	6,38	5,27	5,59	7,00	5,92	1,97
SCN13	3,41	6,00	5,09	6,47	6,44	6,38	7,00	7,00	7,00	6,87	18,39
SCN14	3,41	6,00	5,09	6,47	6,44	6,38	7,00	7,00	4,50	6,75	16,25

Source: author

As expected, Table 7.4 shows higher contributions to the improvement of willingness. Such expectations were generated by the high correlation of willingness with the knowledge and technologies (0.702) and the actors and networks (0.818) behavioral domains (cf. Table 12.1 od Appendix D).

The individual influence of the knowledge and technologies’ domain (*KTC*) on willingness was simulated by scenario *SCN10*. By changing this behavioral domain from its current condition (score 5.27) to its optimal level (7.00), a 6.04 percent increase was achieved in the estimated willingness ( $W_{est}$ ) value. This increment was represented by a  $W_{est}$  score of 6.15.

The optimization of the current condition (score 5.59) relative to the actor’s and network’s behavioral domain (*AN*) (*SCN11*) demonstrated that this domain is the highest individual contributor to willingness formation. This statement is underpinned by the finding that it provided an estimated willingness score of 6.38, which corresponded to an increase of 10.04 percent in respect to the *BLS*.

The institutions’ behavioral domain (*INST*) provided a much lower contribution to willingness when its optimal condition was simulated (*SCN12*). It produced a score of 5.92 corresponding to an improvement of 1.97 percent as compared to the *BLS* for the case in which its current condition (score 4.5) was elevated to its optimal possibility (score 7.00).

For reasons explained in section 7.2.1, along with the results of the simulations of willingness improvement, produced by the optimal conditions of *KTC*, *AN*, and *INST* individually, the joint influence of these behavioral domains were expected to produce the highest contribution to increasing companies’ willingness to engage in GCE-based eco-innovation processes.

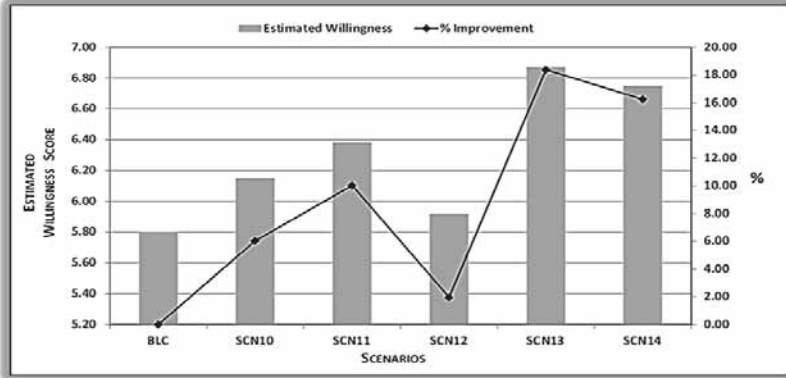
The simultaneous elevation of the *KTC*, *AN*, and *INST* behavioral domains to an optimal state, produced the highest improvement in the estimated willingness (*SCN13*). That corresponded to an estimated willingness score of 6.87, which resulted in an increase of 18.39 percent in willingness as compared to the baseline scenario.

A very similar result was obtained by only considering the two strongest contributors to willingness in the behavioral model’s *PCB* construct (*SCN14*). The *KTC* and *AN* domains

together, in their optimal conditions, contribute to an elevation of 16.25 percent in the estimated willingness and a corresponding score of 6.75.

The results of the estimated willingness based on the behavioral domains pertaining to the behavioral control domain are pictorially presented in Figure 7.4.

Figure 7.4- Results of willingness simulations regarding the behavioral control domain



Source: author

### 7.2.4 Willingness Change in Light of the Most Favorable Scenarios

In the preceding sections of Chapter 7, this thesis author explored the potentiality of changes, to this research’s model behavioral domains, in promoting enhancements in companies’ current willingness to engage in GCE-based eco-innovation processes. Thus far, this assessment was conducted by using each of the thesis research’s behavioral model constructs as the unit of analysis. That is, behavioral domains belonging to the attitudinal, social/personal and to the behavioral control realms were analyzed independently.

Section 7.2.4 integrated these realms and identified the combination, of behavioral domains belonging to different natures, which can produce the best overall results (the best favorable scenarios) for the development of policies/strategies aimed at stimulating companies to engage in such eco-innovation processes.

The most favorable scenarios were identified under the concept of “leverage points”, which was discussed in Section 7.2. It refers to points in a system where small interventions can result in large changes.

Based on the behavioral domains that produced the largest contributions to willingness, combinations were conceived to provide the most favorable scenarios and, consequently, the “leverage points” could be identified and utilized to effect optimal changes.

Departing from scenario *SCN14*, in which companies have total control over the access to the opportunities and possess the requisite resources associated with:

- a) knowledge and technologies (accessibility to knowledge, technological opportunities, appropriability of the results of innovation processes, technological and organizational capabilities and knowledge accumulation), and

- b) The control over the innovation actors and networks (existence of innovation actors in the companies' domains holding key capabilities, capability to participate in networks of collaborations, and to form strategic alliances with external actors),

scenario *SCN15* introduced a strong social pressure into the context.

As noted in Chapter 5, social pressure was comprised of three sources of pressures (market pressure, community pressure, and regulatory pressure) that can drive companies to more environmentally sustainable states. The addition of such pressures produced an estimated willingness score of 7.22, which represented an increase of 8.23 percent over *SCN14* and another 24.28 percent in relation to the *BLS*.

Building on scenario *SCN15*, scenario *SCN16* added up the perception of extremely low economic risk and extremely high business opportunities associated with the engagement in GCE-based eco-innovation processes. This scenario introduced a further improvement in the estimated willingness of 3.11 in respect to *SCN15* and 27.59 percent relative to the *BLS* along with a score for willingness of 7.40.

Finally, the perception of extremely high environmental risk was introduced (*SCN16*). Although the sense of environmental risk perception was not a major contributor to willingness formation, it is this thesis author's belief that:

- The increase of managers' perception of the environmental risks throughout the entire life cycle of companies' products, processes and services, and
- Making clear and emphasizing the existing causal links that they have with the social and economic domain of their companies operation space

are very likely to influence decision-making processes and to induce very positive consequences for the sustainability of their companies in the short, medium and long run.

Based on these arguments and in the context of this research, the enhancement of managers' perception of the environmental risks represented more than a contribution to willingness formation, it was an investment for the business sustainability of the company in the near, medium and long-term.

Scenario *SCN17* introduced minor improvement of willingness in respect to *SCN16* (1.77 percent) and elevated the gain up to 29.36 percent in relation to the baseline scenario ( $W_{est} = 7.51$ ).

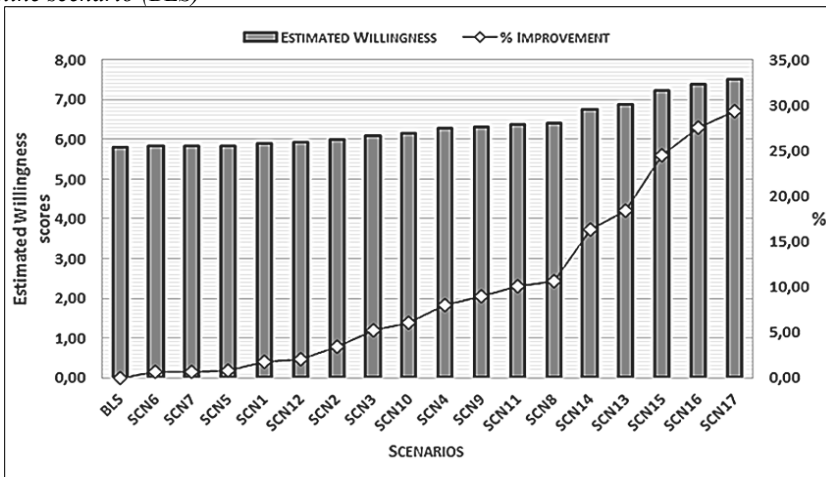
Table 7.5 and Figure 7.5 present an overall view of the simulation scenarios and their respective results. In order to facilitate the analysis in respect to the strength of the contributions of each scenario, they were ranked according to their ascendant influence on willingness formation as compared with the baseline scenario (*BLS*).

Table 7.5– Overall view of all willingness simulation scenarios and their respective results presented in the ascending order of contribution to willingness enhancement (West) relative to the baseline scenario (BLS)

Scenarios	Attitude		Perceived Social Factors Pressure					Perceived Behavior Control			Estimated Willingness	% Improvement
	EVR	ER	SP	RLP	PN	SI	KTC	AN	INST	W <sub>est</sub>	-	
BLS	3.41	6.00	5.09	6.47	6.44	6.38	5.27	5.59	4.50	5,80	0,00	
SCN6	3.41	6,00	5,09	6,47	7,00	6,38	5,27	5,59	4,50	5,84	0,68	
SCN7	3.41	6,00	5,09	6,47	6,44	7,00	5,27	5,59	4,50	5,84	0,68	
SCN5	3.41	6,00	5,09	7,00	6,44	6,38	5,27	5,59	4,50	5,85	0,76	
SCN1	7,00	6,00	5,09	6,47	6,44	6,38	5,27	5,59	4,50	5,91	1,77	
SCN12	3.41	6,00	5,09	6,47	6,44	6,38	5,27	5,59	7,00	5,92	1,97	
SCN2	3.41	7,00	5,09	6,47	6,44	6,38	5,27	5,59	4,50	6,00	3,44	
SCN3	7,00	7,00	5,09	6,47	6,44	6,38	5,27	5,59	4,50	6,10	5,21	
SCN10	3.41	6,00	5,09	6,47	6,44	6,38	7,00	5,59	4,50	6,15	6,04	
SCN4	3.41	6,00	7,00	6,47	6,44	6,38	5,27	5,59	4,50	6,27	8,06	
SCN9	3.41	6,00	7,00	7,00	6,44	6,38	5,27	5,59	4,50	6,32	8,99	
SCN11	3.41	6,00	5,09	6,47	6,44	6,38	5,27	7,00	4,50	6,38	10,04	
SCN8	3.41	6,00	7,00	7,00	7,00	7,00	5,27	5,59	4,50	6,42	10,68	
SCN14	3.41	6,00	5,09	6,47	6,44	6,38	7,00	7,00	4,50	6,75	16,25	
SCN13	3.41	6,00	5,09	6,47	6,44	6,38	7,00	7,00	7,00	6,87	18,39	
SCN15	3.41	6,00	7,00	6,47	6,44	6,38	7,00	7,00	4,50	7,22	24,48	
SCN16	3.41	7,00	7,00	6,47	6,44	6,38	7,00	7,00	4,50	7,40	27,59	
SCN17	7,00	7,00	7,00	6,47	6,44	6,38	7,00	7,00	4,50	7,51	29,36	

Source: author

Figure 7.5– Overall view of all simulation scenarios and their respective results presented in the ascending order of contribution to willingness enhancement (West) relative to the baseline scenario (BLS)



Source: author

## 7.2.5 Discussion

The previous analyses of the determinants of willingness presented in Chapter 6 and in the previous sections of Chapter 7, revealed relevant aspects in respect to the development of companies' willingness in the context of this research.

The first relevant point was the fact that the mean score of willingness (5.8), obtained via the direct measure of willingness to engage in GCE-based eco-innovation processes, revealed that companies were willing to perform such behaviors. Therefore, the objective

of the simulations was not to find “leverage points” that supported the development of policies/strategies that could promote change in firms’ willingness from a state of not-willing to a state of willing. The true reason underpinning the identification of such elements was to elevate and strengthen the current state of willingness. It was proposed that it can be done *via* the development of policies and strategies aimed at the adoption of the GCE as a baseline supporting framework for innovative technological changes that can help companies, in the Brazilian petrochemical sector, to become more environmentally and economically sound due to its implementation.

### **Attitudinal Behavioral Domains**

Another point that required attention was the low contribution of the behavior model’s attitudinal construct to willingness. According to Montalvo Corral (2002), this contrasts with the general wisdom within the environmental policy literature. A radical change towards a positive attitudinal disposition to protect the environment associated with a high environmental risk perception and a perception of low economic risk and high business opportunities achieved only minor contribution to willingness enhancement (*SCN3*). This result was similar to Montalvo Corral’s (*ibid*) findings in respect to the study of the determinants of willingness to innovate in the in-bond industry in northern Mexico.

It is also important to note the existence of significant positive correlations between the perception of economic risk and business opportunities (*ECR*) with the knowledge and technologies (0.502, < .01) and the actors and networks (0.625, < .01) behavioral domains (cf. Appendix D). Based on such relations, it can be argued that the increase of the perceptions of these risks and opportunities may be accompanied by the perception of the need for technological innovation capability building in order to decrease or eliminate such risks and to be prepared to profit from the business opportunities that eco-innovating in GCE can bring about.

In respect to the environmental risk perception (*EVR*), the analysis revealed that, besides being a poor predictor of willingness (*SCN1*), *EVR* correlated weakly with the other behavioral domains of this thesis research’s behavioral model (cf. Appendix D). The correlations, although weak, suggest that the environmental risk perception may be developed under social pressure (*SP*) (correlation coefficient of 0.302) and managers’ self-identification with environmental causes (*SI*) (0.251).

### **Social and Personal Normative Behavioral Domains**

In respect to the social and personal determinants of willingness, two relevant issues became apparent:

- a) The personal (moral) norm (*PN*) and the self-identity (*SI*) domains contributed only marginally to willingness enhancement (*SCN6* and *SCN7*). Although, according to some studies these domains have been proven to be independent predictors of intention (cf. Section 7.1.1), the results obtained in this thesis research, corroborate findings of a series of other studies in which such behavioral intention’s independent predicting characters were only marginal. According to the same sources, such independency in predicting intention varies according to the behavior under study (see discussion in Section 7.1.1).
- b) The social pressure behavioral domain (*SP*) (market pressure - *mp*, community pressure - *cp* and regulatory pressure - *mp*) emerged as the most influential

behavioral domain among the social and personal normative domains (scenario *SCN4*). Its positive correlations with the knowledge and technologies (*KTC*) (0.547, < .01) and actors and networks (*AN*) (0.632, < .01) behavioral domains suggested that pressures arising from the market (*mp*), from the community (*cp*) and from the regulatory (*rp*) realms can influence companies to incorporate or develop new and innovative technologies and network capabilities.

### **Behavioral Control over the Engagement in GCE-based Eco-Innovation Processes**

The simulations involving the behavioral domains associated with the control over the requisites and opportunities for companies' engagement in GCE-based eco-innovation processes provided a verification of what was predicated by the TPB. The TPB emphasized the importance of the control beliefs in behavioral intention (willingness) formation and in the actual performance of a given behavior.

The TPB was designed to predict behaviors that are not entirely under volitional control. Its relationship with the actual behavior is based on two rationales:

- "Holding intention constant, the likelihood that a behavior will be carried out increases with greater perceived behavioral control, and
- Perceived behavioral control will influence behavior directly to the extent that perceived control reflects actual control. In parallel, perceived behavioral control works in parallel with attitudes and subjective norms as a determinant of intentions." (Armitage and Conner, 1999; 36).

Montalvo Corral (2002: 166) illustrated the influence of the control beliefs in intention (willingness) formation by postulating that "in the case of any given firm having optimal attitudinal and normative predispositions to innovate, it was the volitional control that would ultimately determine the performance of any behavior".

The results of the simulations demonstrated that the stronger the organizations' managers and key-decision makers perceived that their companies have access to the opportunities and possess the requisite resources, associated with the *PBC*'s behavioral domains, the more strongly inclined they will be to engage in eco-innovation activities in green chemistry and green engineering. The stronger the perception of behavioral control, the higher the behavior is under volitional control (Ajzen, 1991; Ajzen and Madden, 1986; Montalvo Corral, 2002).

Firms with low control over the opportunities and resources to engage in GCE-based eco-innovation processes will not be able to innovate even if they are willing to do so (cf. Montalvo Corral, *ibid*).

Such an expectation with respect to the power of control beliefs to determine willingness (intention) has been confirmed in this thesis research. Despite the low influence of the institutions behavioral domain (*INST*), the knowledge and technologies (*KTC*) and the actors and networks (*AN*) behavioral domains highly contributed to make the *PBC* the largest contributor to willingness formation in respect to the firms' engagement in GCE-based eco-innovation processes.

### 7.3 Enhancing Willingness to Eco-Innovate: Sources for Policy Development

As noted in Chapter 3, this thesis research concerns the measurement of the current state of the Brazilian petrochemical sector's willingness to incorporate the principles established by the Green Chemistry and Green Engineering (GCE) frameworks as economic and environmental development means. This requires innovation. Technological advancements from the current technological paradigms to more sustainable technological states guided by the principles of GCE required the pursuit, by the petrochemical companies, of innovative approaches to face current (and future) economic and environmental challenges. Such a journey to more sustainable technologies was considered, in this thesis research, to be mediated by companies' engagement in GCE-based eco-innovation systems (cf. Chapter 3 and Appendix H).

This work was built upon the assumption that such engagement is fundamentally dependent on companies' behavioral change. In parallel, such behavioral change, was considered to be conditioned upon a series of factors associated with individuals' attitude, with the perception of the social and personal pressures and with the perceived behavioral control over the requisites and opportunities for innovating in GCE.

According to the TPB, these perceptual elements are associated with cognitive traits of the managers and influential individuals in the realm of the Brazilian petrochemical sector. Based on this theory, it was proposed that in order to achieve an expanded degree of willingness, new knowledge may be required, new sources of knowledge acquisition may be needed, new technical and organizational capabilities may be mandatory, new institutions may be necessary, signs from the market may be essential and inputs from the social and regulatory dimensions may impose demands for more sustainable products, processes and services etc.

Up to this point, the discussion was focused on mapping such elements (cf. Chapter 5) and identifying those that can represent the main determinants of companies' willingness to innovate in GCE as a main approach towards more sustainable states of their products, processes and services (cf. Section 6.2).

Stimulating companies to eco-innovate in GCE was found, in this study, to be synonymous to enhancing companies' willingness to engage in such processes. This should be conducted *via* the development and implementation of appropriate policies and strategies that can guide the promotion of changes at both the meso-level (the petrochemical sector) and the micro-level (companies in the sector).

#### 7.3.1 Basic Behavioral Elements as Inputs for Policy and Strategy Design

Section 7.2 presented the simulation results of the most favorable scenarios that can enhance Brazilian petrochemical companies' willingness to engage deliberately in innovation systems aimed at the development or acquisition of GCE-based technological solutions for their current and envisioned sustainability challenges.

According to scenario *SCN17* (cf. Table 7.5), the combination of:

- a) Companies' perception of high environmental risk associated to their operations;
- b) In situations of perceived low economic risk and high economic opportunities in relation to GCE-based eco-innovation;

- c) Pressures from the market, from the community and from the regulatory organizations;
- d) Companies' high control over the requisites and opportunities related to knowledge, technologies and capabilities to form networks of cooperation and strategic alliances, and
- e) The existence of appropriate actors holding key and innovation required capabilities and competences

constituted the most appropriate conditions under which willingness would reach its highest strength.

Scenario *SCN17* produced the highest stimulus for willingness enhancement. In this respect, the direct use of its elements in the development of policies and strategies, aimed at the promotion and facilitation of the engagement of companies in GCE-based eco-innovation processes, represent an effort to touch the "leverage points" for more effective policies. Identifying such points requires some elaboration and an assessment of some between-domains relations, which can help to identify best results with minimal policy development and implementation efforts.

### **Environmental Risk Perception: Direct and Indirect Influences in Willingness Determination**

In the simulations conducted in Section 7.2.4, the environmental risk behavioral domain did not provide a relevant contribution to willingness enhancement (1.77 percent) (cf. Table 7.5). Although it is questionable if it should be considered to be a true leverage point, it was included in this analysis for philosophical and practical reasons.

- a) As this sector "is one of the, or maybe the, most polluting sector in industrial societies" (Mol, 1995: 87), the philosophical reason relates to the need for a perception, on the part of the petrochemical companies' managers, of the environmental risks regarding companies' products, processes and services that goes down as far as the origins of the problems and not only addresses their effects;

The simulations presented in Section 7.2 demonstrated that "when managers were assumed to be aware – that is when they cognitively associate - the possible environmental effects of their firms' operations, they were expected to perceive that their firms will be more willing to innovate in cleaner technologies" (Montalvo Corral, 2002: 172).

- b) The practical reason comes from the need for the connection of the environmental risk domain with the perception of economic risk and business opportunities, which ultimately influence managers' willingness to eco-innovate.

The negative correlation between the environmental risk and the economic risk and business opportunities domain (cf. Table D1 in Appendix D), although weak, suggests that managers' perception of low environmental risk relative to their companies' operations, products and services was statistically associated with perceptions of low business opportunity and high economic risks associated with GCE-based eco-innovation processes.



The intensification of the manager's perceptions of their companies' environmental risks is likely to make clear the need for a move to higher states of corporate sustainability. Such move is due to be conducted through cleaner and more sustainable innovative technologies, such as those that are based on GCE.

It is proposed that individuals that are more conscious of the environmental risks will be more prone to innovate. Because this stronger inclination to innovate, they will be more aware of the business opportunities that eco-innovation can bring about, at the same time that they will be more prepared to anticipate and to diminish the economic risks embodied in GCE-based eco-innovation processes.

That is, such awareness augmentation may push companies to take proper measures to decrease these economic risks and to take advantage of the business opportunities that may arise from the use of more sustainable GCE-based innovative solutions for the firm's products, processes and services.

In parallel, the statistical correlations indicate that low economic risks and high business opportunities are positively correlated with the domains associated with the knowledge and technologies and actors and networks. This indicates that low economic risks and high business opportunities can be a direct result of companies' increase of control over such the resources and opportunities associated with these domains..

This argumentation suggests that the false perception of safe operations may contribute to blindfolding companies in respect to: (1) the need for advanced states of sustainability of companies' products, processes and services, which are achievable through GCE-based eco-innovation processes, (2) the market opportunities created by existing and future demands for more innovative and sustainable products, processes and services, and (3) the need for the anticipation of measures to overcome the economic risks associated with such immobilism and with the eco-innovation processes (e.g. appropriability of innovation, and technological and financial risks)

Based on these arguments, the development of policies and/or strategies aimed at promoting the perception of safe operations (cf. Section 6.2.1, in Chapter 6) to a perception of risky operations that can be conceived, developed and applied.

In this respect, it is expected that:

- a) Making clear the existence, the nature and the extent of such environmental risks throughout the entire company's operations and product's life cycles, and
- b) Making the proper associations with their consequences in respect not only to the biosphere and society, but also regarding their connection to the company's business sustainability (economic, market, materials, energy etc.) (cf. Section 1.0 in Chapter 1),

will directly contribute to the perception of the need for innovative cleaner technological solutions such as those that are based on the principles predicated by the GCE framework.

This is likely to induce anticipated measures to overcome, or at least to reduce, the economic risks associated with such eco-innovation processes and to increase the potential for profiting from the business opportunities that may arise.

Such attitudinal changes induced by the modification of the managers' and influential decision-makers' risk perceptions, requires the support of elaborate and robust policies and strategies both at the meso (the sector) and at the micro level (the companies).

Based on the literature (Atman *et al.*, 1994; Bostrom *et al.*, 1994; Fishhoff, 1993; Lundgren and McMakin, 2009; Montalvo Corral, 2002; Morgan *et al.*, 2009), it is plausible that the risk communication field provides companies with the proper theoretical and practical framework to support such policies and strategies.

For the context of this thesis research, "risk communication means communication intended to supply (...) people with the information they need to make informed, independent judgments about risks to health, safety and the environment" (Morgan *et al.*, 2002: 4).

Among the various approaches to communicating risk (cf. Lundgren and McMakin, 2009), the mental model approach seems particularly adequate to be brought into the context of this thesis research as a platform for policy development for attitudinal change regarding managers' environmental risk perception.

The concept of mental model relates to how people view and understand various phenomena (Lundgren and McMakin, *ibid*).

"In the absence of evidence, no one can predict confidently how to communicate about risk. Effective risk communication requires empirical study". (Morgan *et al.*, 2002: 182)

According to Fishhoff *et al.* (1993), the best way to avoid misconceptions about such views and understanding is to generate evidence by capturing people's entire mental model on a topic. "Doing so would also identify those correct beliefs upon which communications could be built (and which should be reinforced)" (*ibid*: 195).

Once mapped, this elicited mental model can be compared with an expert model and the gaps found between both models can provide the elements for developing a risk communication strategy. According to Fishhoff (*ibid*), communications:

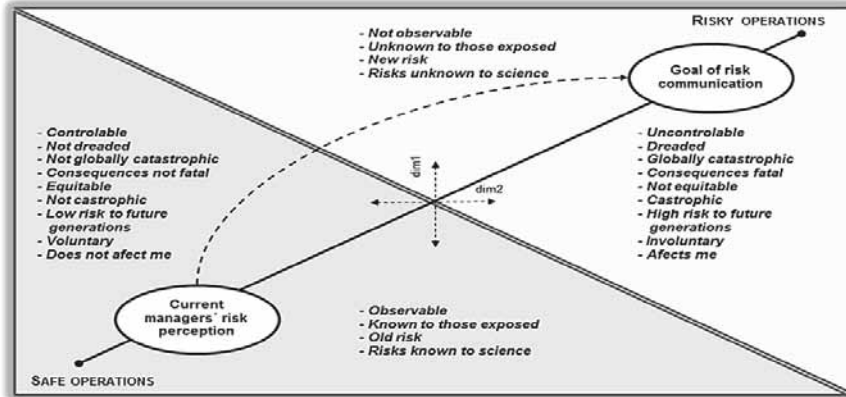
- Should be designed to convey a comprehensive picture of the processes by creating (and controlling) a risk;
- Could focus on cases where people confidently hold incorrect beliefs that could lead to inappropriate actions or lack the confidence in correct beliefs needed to act on them, and
- Could attempt to provide the pieces of information that have the largest possible impact on pending decisions.

In this thesis research, such beliefs were represented by those proposed by Slovic *et al.* (1984), which relate the environmental risks associated with the safe or risky character of firm's operations. Such beliefs were presented in Section 5.2.2, in Chapter 5. In addition, Section 6.2.1 of Chapter 6 presented and discussed managers' perceptions relative to them

(i.e. empirical evidence), which ultimately represented their mental models in respect to their companies' operations environmental risks.

In light of these elements, it can be argued that risk communication policies, strategies and efforts can help to catalyze a shift of the managers' perceptions from environmentally safe to environmentally risky operations. Figure 7.6 pictorially presents that type of shift.

Figure 7.6– Risk perception policy strategy proposed in this thesis research to shift managers' perception from companies' safe to risky operations



Source: Montalvo Corral (2002)

### Enhancing Willingness through the Perceived Social Pressures

The results of the regression analysis, presented in Table 7.1, as well as the simulations conducted in Section 7.2.4, identified the social pressure behavioral domain (*SP*) as one of the largest willingness' determinants in the context of this thesis research. Such importance entitles this domain to be considered a "leverage point" in respect to the development of policies and strategies aimed at increasing managers' willingness to deliberately engage in GCE-based eco-innovation processes.

As in the case of environmental risk perceptions, the *SP* domain also exerts influences on willingness in direct as well as in indirect fashion. Therefore, the knowledge of such influences is important to reinforce the importance of the development of "holistic" policies that could interconnect various determinants of willingness.

In this respect, although the direct influence of *SP* on willingness was demonstrated by the results of the statistical analyses presented in Appendices C and D, it also unveiled relations that suggested that such influences can also be exerted indirectly *via* other willingness determinants.

These relations were indicated by the bivariate correlations between the social pressure behavioral domains (*SP*) and two other important contributors to willingness determination: (a) knowledge and technologies (*KTC*), and (b) actors and networks (*AN*) domains, which pertain to the behavioral model's *PBC* construct (cf. Chapter 5). These correlations are presented in Table 7.6 and Appendix D.

Example Appendix D (see page 402)

Table 12.1- Correlation analysis for the behavioral domain scales (behavioral model's second level of explanation)

	W	EVR	ECR	SP	RLP	PN	SI	KTC	AN	INST
W	1									
EVR	0.184*	1								
ECR	0.370*	-0.130*	1							
SP	0.764**	0.302	0.147	1						
RLP	0.642**	0.112	0.301	0.633**	1					
PN	0.377*	0.141	0.042	0.346*	0.629**	1				
SI	0.063*	0.251	0.213	0.063	0.324	0.735**	1			
KTC	0.702**	0.022	0.602**	0.547**	0.511**	0.368*	0.211	1		
AN	0.818**	0.038	0.625**	0.632**	0.698**	0.346*	0.155	0.757**	1	
INST	0.167**	0.014	0.196	0.207*	0.463**	0.274	-0.009	0.348**	0.342**	1

\* Correlation is significant at the 0.05 level (2-tailed)

\*\* Correlation is significant at the 0.01 level (2-tailed)

Table 12.2- Correlation analysis for the direct measures of the behavioral domains (behavioral model's third level of explanation)

	W	evr	ecr	sp	rlp	pn	si	ktc	an	inst
W	1									
evr	0.096	1								
ecr	0.214	-0.084*	1							
sp	0.649**	0.216	0.390*	1						
rlp	0.473*	0.307	0.181	0.394*	1					
pn	0.279*	0.0382*	0.0170*	0.321	0.544**	1				
si	0.122*	-0.015	0.199	0.324	0.667**	0.417*	1			
ktc	0.629**	0.126	0.457**	0.496**	0.282	0.366*	0.121	1		
an	0.833**	0.048	0.623**	0.540**	0.311	0.241	0.045	0.726**	1	
inst	0.114**	0.355*	0.086	0.602**	0.497**	0.179**	0.263	0.326**	0.687**	1

\* Correlation is significant at the 0.05 level (2-tailed)

\*\* Correlation is significant at the 0.01 level (2-tailed)

Table 7.6– Correlations between the social pressure behavioral domain and its associated scales with the knowledge and technologies and actors and networks behavioral domains

	Behavioral Domains			Social Pressure Scales		
	<i>KTC</i>	<i>AN</i>	<i>SP</i>	Market Pressure ( <i>mp</i> )	Community Pressure ( <i>cp</i> )	Regulatory Pressure ( <i>rp</i> )
<i>KTC</i>	1					
<i>AN</i>	0.757**	1				
<i>SP</i>	0.547**	0.632**	1			
Market Pressure ( <i>mp</i> )	0.546**	0.701**	0.529**	1		
Community Pressure ( <i>cp</i> )	0.562**	0.627**	0.712**	0.789**	1	
Regulatory Pressure ( <i>rp</i> )	0.400*	0.522**	0.764**	0.572**	0.605**	1

\*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.05 level (2-tailed)

Source: author

As this thesis research’s methodological approach considered the managers’ beliefs the cornerstone for the development of policies and strategies, the influence of social pressure was also assessed at the *SP* behavioral domain’s scales level (*mp*, *cp* and *rp*).

At this level of analysis, the market pressure (*mp*), the community pressure (*cp*) and the regulatory pressure (*rp*) scales also correlated positively at a significant level with the *PCB* domains.

From these evidences, it can be argued that the data obtained by this thesis researcher’s quantitative survey for the domain level (*SP*) and for the domain scales level (*mp*, *cp* and *rp*), can establish direct causal relationships with *KTC* and *AN* behavioral domains, which can ultimately influence willingness.

Given the importance of social pressure in stimulating managers’ willingness to engage deliberately in GCE-based eco-innovation processes, it becomes necessary to propose the development of the appropriate policies for building up the capabilities required to capture the pressures arising from the market (*mp*), from the community (*cp*) and from the regulatory set (*rp*). These pressures regard the need for companies to develop, use and provide innovative cleaner and more environmentally and economically sustainable products, processes and services.

This thesis research contributed with policy efforts by eliciting companies’ managers’ significant beliefs based on which more efficient and effective policies can be developed. Therefore, this can help “to overcome the long chain of resistance to change from individuals and organizations” (Montalvo Corral, 2002: 2).

The results of the analysis of variance (cf. Appendix C), presented in Table 7.7, showed that four beliefs accounted for 81 percent of the variance of social pressure. According to Table 7.7, the influence exerted by trade and industry representative organizations (e.g. ABIQUIM and ICCA)<sup>100</sup> via agreements and initiatives (e.g. ISO norms series 14000 and

<sup>100</sup> ABIQUIM - Brazilian Chemical Industry Association  
 ICCA – International Council of Chemical Associations

26000, Responsible Care Program<sup>101</sup>, Global Product Strategy<sup>102</sup> etc.) (*rp5*) accounted for 38.4 percent of the explained variance. It was closely followed by concerns about the community's near future lobbying capability towards cleaner and more sustainable products, processes and services. According to this perception, it was expected that these lobbying initiatives would exert pressures that will be strong enough to push companies to engage in GCE-based eco-innovation processes (*cp11*). This belief accounted for 30.37 percent of the variance.

In parallel, beliefs regarding the governmental organizations' power to enforce legislation, although at a lower level, were also significant.

In this respect, the perception that the environmental regulatory agencies have a strong position in respect to the adoption, by companies, of cleaner and more sustainable products, processes and services (*rp1*) accounted for 7.06 percent of the variance. This reflected the perception of the managers in respect to the likelihood that future regulations will push companies to pursue advanced states of environmental performance. This belief accounted for 5.29 percent of the variance.

Table 7.7– Significant beliefs on the determination of social pressures to effect changes in behavior within the Brazilian Chemical Industry's companies. Limitations

Beliefs scales	Beliefs	% Variance explained (cumulative)	% Variance explained (beliefs)
Regulatory Pressure (national and international standards, trade organizations and agreements)	Influence exerted by ISO, ICCA and ABIQUIM	38,4	38,4
Regulatory Pressure (regulators)	Environmental agencies	45,47	7,06
Social Pressure	Community future lobbying capability	75,83	30,37
Regulatory Pressure (regulators)	Risk of future regulations	81,12	5,29

Source: author

These findings indicated that these beliefs pertain to the regulatory pressure (*rp*) and to the community pressure (*cp*) in the social pressure behavioral domain scales. Surprisingly,

<sup>101</sup> "Responsible Care is a voluntary initiative, designed to help the chemical industry to continuously improve its performance in areas related to health, safety and the environment. Launched in Canada in 1985 by the Canadian Chemical Producers Association - CCPA, Responsible Care was adopted by the Brazilian chemical industry, represented by ABIQUIM, in April 1992".

Source: ABIQUIM (<http://www.abiquim.org.br/english/content.asp?princ=rec&pag=pre>), accessed in July, 2012.

<sup>102</sup> "The Global Product Strategy (GPS), an initiative developed by the International Council of Chemical Associations and launched in 2006, builds on the product stewardship elements of industry's voluntary Responsible Care initiative. GPS aims to improve the safe management of chemicals, harmonize approaches between developing, emerging and industrialized regions, and strengthen public confidence that our products are handled safely at all stages of the life cycle. Together with the Responsible Care Global Charter, the GPS positions industry as a constructive contributor to the UN-led Strategic Approach to International Chemicals Management (SAICM)".

Source: The European Chemical Industry Council (<http://www.cefic.org/Regulatory-Framework/Voluntary-Initiatives1/Global-Product-Strategy/>), accessed in July, 2012.

none of the beliefs pertaining to the market pressure (*mp*) realm was found to be statistically significant and salient.

One factor that may partially clarify these results is the small sample size obtained from the research survey. As noted in Appendix C, in multiple regression analyses, small sample sizes can fail to detect some weaker relations and only strong relations between variables were expected to be detected. The larger the sample size the greater the sensitivity of the multiple regressions to capture weaker relations.

Besides such evidence, it can be argued that, in the context of this thesis research, the relevance of the market pressures may not be completely ignored as the perceptions of managers and key decision-makers, captured by the qualitative and quantitative surveys (cf. Table 6.10 and Section 7.4.1), demonstrated that they are sensitive to this issue. In addition, the market pressure may be indirectly present *via* the influences that are exerted by the trade associations and agreements whose initiatives are usually the result of the pressures of the ample “landscape” (cf. Section 2.3.1 of Chapter 2 for the definition of landscape) on the chemical sector. Such pressures commonly arise from the socio-economic and environmental set and usually contain elements of market pressure. In addition, market pressures may increase in the coming years as they have already done in Europe and some other parts of the world.

### **Enhancing the Behavioral Control over the Resources for Eco-Innovation**

As previously noted in Chapter 3 and in Section 6.2, the *PCB* construct proposed by the TPB (Ajzen, 1991), represents the element of the theory, which considers the behavioral volitional control. According to the TPB, such characteristic of the *PBC* provides it with the possibility to influence the performance of a given behavior not only *via* its contribution to the determination of the behavioral intention but also by directly influencing individuals to undertake such behavior.

“(…) perceived behavioral control will influence behavior directly to the extent that perceived control reflects actual control. In addition, perceived behavioral control works in parallel with attitudes and subjective norms as a determinant of intentions.” (Armitage and Conner, 1999; 36)

In this thesis research’s domain, the *PBC* construct emerged as the largest determinant of willingness as compared to the behavioral model’s other constructs (*A* and *PSFP*). In this domain, two behavioral domains stood out as the most important contributors to willingness: (a) the knowledge and technologies (*KTC*), and (b) the actors and networks (*AN*).

Given the importance of these behavioral domains in explaining willingness to engage in GCE-based eco-innovation processes, it became important to propose policies that could develop the capabilities that permeate these domains.

### **Knowledge and Technologies: Sources for the Development of Eco-Innovation Policies**

Knowledge and technologies constitute one of the pillars of the concept of Sectoral System of Innovation (SSI) (Malerba, 2002, 2004, 2005a, 2005b) (cf. Section 5.2.2). Section 5.2.2

besides providing an explanation about its importance for innovation in sectors, it also posed a basic question that is fully pertinent to the discussion conducted in this section in respect to eco-innovating in GCE.

It relates to the requisites that are required for knowledge and technologies to be developed and incorporated either by firms in a given sector or by the sector itself.

Once these prerequisites were identified, two other questions remained. The first was related to the degree of control that companies' leaders perceive to have over these requirements (perceived behavior control). The second was associated with the existence of opportunities for innovation processes to be implemented so that company managers feel confident and willing to invest and engage in innovative activities

The answers to these questions are not simple and require elaboration and detailed, careful planning. Sometimes *ad hoc* solutions were necessary to cope with companies' and sectors' specificities. Although undertaking efforts to provide such answers was out of the scope of this thesis research, it can be argued that the elements that these questions address represent objectives to be pursued in the innovation realm and that they can be approached *via* the conception, development and implementation of appropriate, efficient and effective policies.

As stated earlier, the core beliefs that were related to knowledge and technologies policy development were identified *via* the regression analysis of the knowledge and technologies behavioral domain (*KTC*) against its associated beliefs (domains scales). The results of this analysis were presented in Appendix C and in Table 7.8.

*Table 7.8- Significant beliefs in the determination of the perceived behavioral control relative to knowledge and technologies*<sup>103</sup>

Beliefs scales	Beliefs	% Variance explained (cumulative)	% Variance explained (beliefs)
Knowledge integration	Self-management teams	52,39	53,39
Advanced technological innovation capabilities	Development of new production systems	71,61	19,21
Technological opportunities	Advances in scientific understanding and technique	80,35	8,74
Accessibility to knowledge	Knowledge external to the sector	87,44	7,09
Technological opportunities	Technological advances from other industries and private and governmental organizations	89,33	1,89
Capabilities versus organizational structure	Hierarchies of capabilities correspondence with authority-based hierarchies	91,06	1,73
Learning processes	Integration of learning processes	92,48	1,42
Advanced technological innovation capabilities	Colaboration with suppliers and partners for technological development	93,77	1,29

Source: author<sup>104</sup>.

<sup>103</sup> Some beliefs pertain to the same belief scales. For the complete list of the belief scales, their associated beliefs and acronyms refer to Chapter 7.

<sup>104</sup> Methodological note: the screening of what beliefs need to be influenced or changed in order to modify the managers' pre-disposition to engage in Green Chemistry and Green Engineering based eco-innovation processes was conducted in two steps. First a stepwise regression was performed to screen the beliefs that accounted for most of the variance. Second, the beliefs included in the selected model from the stepwise regression were run again in a forward regression to assess their individual contributions to explain the dependent variable.



To provide a better interpretation of the data presented in Table 7.8, they were presented and explained, in the following paragraphs, in the following way: (a) the beliefs were clustered according their belief scales, (b) the values of the variance were computed to provide a single value for the variance explained by each of the belief scales, and (c) the beliefs were presented according to the descending order of the values of their belief scale's explanation power.

According to these results, the belief related to the existence, efficiency and effectiveness of self-management teams in firms (*cmt20*)<sup>105</sup> was documented to be of very high salience as it accounted for the 53.39 percent of the variance. Self-management teams refer to a knowledge integration mechanism for complex and non-routine organizational tasks especially when task uncertainty, novelty, and complexity precluded the use of existing routines or directives.

The realm of the advanced technological innovation capabilities (research based) also emerged as salient. This belief scale accounted for 20.50 percent of the variance explanation. In this respect, the capabilities required to develop new production systems (*cmt12*) was found to be a significant belief that accounted for 19.21 percent of the variance. It was followed by the belief associated with the collaboration with suppliers and partners for technological development (*cmt16*), which accounted for 1.29 percent of the variance.

At a lower level of variance accountability, the beliefs pertaining to the technological opportunities scale explained 10.63 percent of the variance. This result was obtained by the joint contribution of two beliefs: (a) the belief associated with the technological opportunities arising from advances in scientific understanding and techniques that accounted for 8.74 percent of the variance, and (b) and the technological opportunities that can be identified in the technological advances in other industries and private and governmental organizations (1.29 percent).

In terms of access to accessibility knowledge, the prevailing belief was related to knowledge that is external to the sector (governmental research centers, national and international universities, independent inventors, technology supplier organizations etc.) (*ak2*). Such access was seen as possible through, among others, technology purchase and cooperation agreements. This belief accounted for 7.09 of the variance.

Organizational capabilities were also found to be significant. The correspondence of the capabilities hierarchies with the authority-based hierarchies (*cmt21*) accounted for 1.73 percent of the variance. This belief had was supported by the premise that "if knowledge is to be integrated effectively by the firm, the architecture of capabilities must have some correspondence with the firm's structure of authority, communication, and decision-making, whether formal or informal" (Grant, 1996a: 378).

Finally, significance was detected in respect to the learning processes. The belief associated with the learning processes and knowledge acquisition (knowledge internalization and externalization) mechanisms (*cmt5*) accounted for 1.42 percent of the variance.

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<sup>105</sup> These notations along these Sections refer to the identification of the question or statement in the thesis research's questionnaire and can be found in details in Chapter 7.

**Actors and Networks: Sources for the Development of Eco-Innovation Policies**

The actors and networks behavioral domain (*AN*) incorporates the concept that knowledge creation and innovation are increasingly an outcome of interaction among actors belonging to the same or from different market and non-market organizations (Cesaroni *et al.*, 2004).

As in the case of the analysis regarding the knowledge and technologies behavioral domain that was presented in the preceding section, the core beliefs related to actors and networks policy development were identified *via* the regression analysis of the actors and networks behavioral domain (*AN*) against its associated beliefs (domains scales). The results of the regression analysis relative to the actors and networks behavioral domain are presented in Appendix C and in Table 7.9.

*Table 7.9- Significant beliefs in the determination of the perceived behavioral control relative to actors and networks*

Beliefs scales	Beliefs	% Variance explained (cumulative)	% Variance explained (beliefs)
Availability of corporate actors holding key capabilities	Culture building, motivation and participation	58.00	58.00
Networks of Collaboration	Consultancies	68.31	10.31
Strategic Alliances with External Actors	Support from CEO and shareholders	72.49	4.19
Availability of corporate actors holding key capabilities	Polifunctionality and technological knowledge	76.41	3.91
Networks of Collaboration	Specialized engineering firms (SEF)	80.71	4.3

Source: author

The presentation and explanation of the results followed the procedure used in the preceding section.

According to Table 7.9, the regression of the actors and networks behavioral domain (*AN*) against its associated scales revealed that, the sum of the beliefs of the scales related to the availability of corporate actors holding key capabilities to innovate accounted for most of the variance (61.91 percent).

Within this realm, two beliefs were documented to be significant. The first belief, accounting for 58.0 percent of the variance, was the availability of actors within the companies’ domains holding the capabilities that are required to build and disseminate the culture associated with the GCE as well as the culture of corporate sustainability (*avc5*). The second significant belief in the scale, relates to the availability of polifunctional professionals (*avc1*). Such polifunctionality includes the capability of speaking one or more professional languages, which allows for the interpretation of companies’ challenges in different perspectives. Such an “holistic” view can be an important element in the dynamics of innovation processes.

Additionally, the beliefs pertaining to the networks of collaboration accounted for 14.61 percent of the variance. In this realm, the engagement in techno-scientific networks of collaboration with consultancies (10.31 percent) and with specialized engineering firms (*SEF*) (4.3 percent) for the development or acquisition of GCE-based solutions for the companies’ environmental sustainability challenges emerged as the significant beliefs.

The undertaking of GCE-based eco-innovation initiatives may require the constitution of strategic alliances with external actors and new capabilities building, which can only be possible in the presence of strong support and commitment by the firms' CEO's and shareholders. The significance of this belief (*sac7*) was captured by the regression analysis and accounted for 4.19 percent of the variance.

#### **7.4 Verifying and Expanding upon the Research's Findings**

The results generated by this thesis research's quantitative survey and by the subsequent statistical analyses, revealed that, according to the surveyed managers and important decision-makers, companies in the Brazilian Petrochemical sector, are willing to accept and to build upon the GCE frameworks and to engage in GCE-based eco-innovation processes (cf. Section 6.5 of Chapter 6). In parallel, they also identified the important determinants that underlay the development of that willingness (cf. Chapters 6 and 7).

Although those results provided clear information, it lacked insight into managers' underlying motivations for the development of such willingness and on the relations between the company and the different agents at the sector level regarding the promotion, diffusion, and implementation of GCE-based initiatives in the Brazilian Petrochemical Sector context.

In order to overcome this shortcoming, this thesis author conducted qualitative research with important agents at the company, at the sectoral levels and with agents at the Environmental Protection agency. As noted in Section 4.7, this investigation was conducted *via* a series of in-depth, face-to-face interviews that were based on open-ended questions. As a way to deepen this researcher's knowledge, these interviews were designed and developed based on the thesis' quantitative survey results (cf. Chapter 6 and previous Sections of Chapter 7) and were designed to:

- a) Evaluate the validity of the qualitative survey findings through triangulation (cf. Section 4.7 in Chapter 4);
- b) Gain a deeper understanding of the underlying motivational elements of corporate leader's willingness to implement GCE;
- c) Explore the relations between the company and different agents at the sectoral levels with regard the responsibilities and incentives for the promotion and implementation of GCE-based initiatives;
- d) Identify current and future initiatives that reflect and support the company's willingness to go beyond willingness to implement actual CGE innovative technological and management solutions for their policies, products, processes and services;
- e) Document the current state of the use of the GCE principles in the Brazilian petrochemical sector.

Because this thesis' quantitative survey results revealed the importance of meso-level agents as significant determinants of companies' willingness, it was, therefore, important to include such agents in the qualitative interview process. In that context, such agents were represented by the Brazilian chemical and petrochemical sectors' trade association (ABIQUIM) and by the Environmental Protection Agencies in the Brazilian territory.

### 7.4.1- In-depth Interviews at the Micro-Level within the Companies

At the company level, in order to achieve these objectives and to obtain the required information, the structure and the interview guide (cf. Appendix F) were constructed based on the following eight points presented in Table 7.10:

*Table 7.10- Structure of the in-depth interviews conducted with company managers and other relevant decision-makers.*

1	<ul style="list-style-type: none"> <li>• Perceptions on the importance of sustainable development and sustainability for the petrochemical sector.</li> </ul>
2	<ul style="list-style-type: none"> <li>• Perceptions on the benefits of Green Chemistry and Green Engineering (GCE), the likelihood of their acceptance and the company's engagement in GCE-based eco-innovation initiatives.</li> </ul>
3	<ul style="list-style-type: none"> <li>• The level of agreement with the thesis research's qualitative survey's findings;</li> <li>• Contributions and the benefits of these findings to clarifying and improving company's knowledge in respect to eco-innovation determinants;</li> <li>• Contributions of the findings to promoting and facilitating to effect eco-innovation technological changes in the company.</li> </ul>
4	<ul style="list-style-type: none"> <li>• Perceptions on the importance of the development of eco-innovation policies based on the thesis research's findings for the introduction, diffusion and incentivizing GCE based eco-innovation at the company and the sector levels.</li> </ul>
5	<ul style="list-style-type: none"> <li>• Perceptions on the importance of ABIQUIM and its "Responsible Care Program" in the process of disseminating, supporting and fostering the use of the GCE frameworks in the Brazilian Petrochemical sector.</li> </ul>
6	<ul style="list-style-type: none"> <li>• The existence of current and future planned sustainability initiatives that: (a) support the development of a sustainable development culture, and (b) promote and facilitate the acceptance, incorporation and the implementation of GCE practices at the company level;</li> <li>• Changes (organizational, personal, learning processes, knowledge base, institutional etc.) that have been required for the company to introduce, implement and manage these initiatives.</li> </ul>
7	<ul style="list-style-type: none"> <li>• Perceptions and comments on the thesis research's recommendations and the identifications of missing points.</li> </ul>
8	<ul style="list-style-type: none"> <li>• Verification of GCE principles that are already in use by the company even if they are not related to the GCE frameworks as proposed in this thesis research.</li> </ul>

Source: author

## **Perceptions of the Importance of Sustainable Development and Sustainability for the Petrochemical Sector**

As noted throughout this thesis research, GCE encompasses concepts and principles that are firmly tied to and were developed under the overarching concepts of Sustainability (S) and Sustainable Development (SD).

In this context, this thesis author sought to obtain insights into the perceived applicability of GCE concepts and principles within the industrial realm, and to determine if industrial leaders are conscious of the need for the adoption of sustainable practices based upon GCE. That means that they must be convinced that the long-term survival of their companies is dependent on an increasing harmony and balance of their businesses with the societal and environmental demands *via* the use of practices that are socially accepted, environmentally friendly and economically feasible in both the short and longer-term.

In this regard, willingness of companies to accept GCE and to engage in GCE-based eco-innovation initiatives can be linked to and be justified by the strength of the perceptions and motivations of managers of how important S and SD are for the survival and the prosperity of their firm, in the short and long run.

Table 7.11 presented the degree of acceptance and summaries of the perceptions and motivations of the interviewed managers and decision-makers regarding the importance of the adoption of sustainable practices in the survival of their companies. The interview protocol was presented in Appendix F.

Table 7.11- Manager's perceptions and motivations regarding sustainability, sustainable development and green chemistry and green engineering

RESPONDENT	DEGREE OF IMPORTANCE	MANAGERS' PERCEPTIONS AND MOTIVATIONS REGARDING SUSTAINABILITY, SUSTAINABLE DEVELOPMENT, GREEN CHEMISTRY AND GREEN ENGINEERING
1	High	<ul style="list-style-type: none"> <li>• Sustainability and sustainable development are the base and the pillars of the long-term existence, survival and success of the organizations. Organizations that intend to exist and succeed, in the long-term, must adhere to sustainability concepts and practices.</li> </ul>
2	High	<ul style="list-style-type: none"> <li>• Unsustainable companies will not overcome the selection processes imposed by nature, by the market and by societies unless they implement GCE concepts and procedures</li> <li>• Sustainability; innovation, green chemistry and green engineering are basic for the survival of the company in the long-term. They are <i>sine qua non</i> conditions for the success and the sustainability of their firm</li> </ul>
3	High	<ul style="list-style-type: none"> <li>• The role played by GCE in the journey to advanced states of corporate sustainability was highlighted repeatedly by this respondent.</li> <li>• Sustainability; innovation, green chemistry and green engineering are basic for the survival of the company in the long-term. They are <i>sine qua non</i> conditions for the success and the sustainability of their firm.</li> </ul>
4	High	<ul style="list-style-type: none"> <li>• The search for, adoption and implementation of economically viable GCE-based solutions, in the petrochemical sector, is essential for the future of my company.</li> <li>• The adoption of S, SD and GCE concepts by the company is not just a way to demonstrate its commitment to environmental and social causes. It is also a strong concern with regard to its economic sustainability.</li> </ul>
5	High	<ul style="list-style-type: none"> <li>• Demonstrating to be socially, economically and environmentally responsible has become a major point in companies' marketing strategies.</li> <li>• Micro, meso and large-scale environmental problems of anthropogenic origin are already visible. Becoming increasingly sustainable is fundamental for companies to survive in the medium and long term as costs of materials, energy, and water are increasingly rising.</li> <li>• It is mandatory for industry and society to find and to implement renewable alternatives. If old industrial practices of production persist, they will eventually result in the unsustainability and collapse of the petrochemical companies.</li> </ul>
6	High	<ul style="list-style-type: none"> <li>• The petrochemical sector is in a globalized market, competition and business universe. Therefore, sustainability-related pressures do not arise only at the country level but also at the global level.</li> </ul>

Source: author

## Summary

The summation of these responses provided a clear and undisputable picture of the high importance that was given, by the companies' managers, to corporate sustainability and its relationship to their firm's survival. It also revealed that the underlying motivations reside and cover the multi-dimensions of the concept of sustainability including its social, economic and environmental pillars.

The responses corroborate the thesis' quantitative survey findings with regard to the direct positive relations of managers' pro-sustainability posture and their acceptance of GCE initiatives as a mainstream contributor to corporate sustainable development.

### **Perceptions of the Benefits of Green Chemistry and Green Engineering (GCE): the Prospective of their Acceptance and Companies' Engagement in GCE-Based Eco-Innovation Initiatives.**

As noted in Section 4.7, in Chapter 4, one of the overarching objectives of the in-depth interviews was to use them to independently test the validity of the thesis survey's quantitative survey findings.

In this regard, the first point that required testing was the extent to which managers and decision-makers are willing to accept GCE and to engage deliberately in GCE-based eco-innovation initiatives. In addition, this approach was very useful to help the author to discover and to map their basic underlying general perceptions and motivations for implementing GCE-based approaches within their companies.

It is important to note that many principles that are included in the GCE frameworks were already in use in the companies. They were introduced *via* diffuse sources and initiatives none of them was specifically and directly related to the GCE frameworks. They were introduced based both on structured and intuitive ways. In none of these cases was the introduction of planned and structured initiatives conducted at the sectoral and/or the company level, to promote and disseminate the frameworks that were proposed in this thesis.

This explained the reason why no manager reported to have previous knowledge of these frameworks and showed lack of knowledge on some of their principles. Such knowledge varied across the interviewed companies. Based on these arguments, this question was made based upon the premise that the GCE frameworks still have to be promoted at the sectoral and company levels. A view on the extent of the use of the GCE principles in the interviewed companies was presented in the last question of Section 7.4.1.

In order to avoid misunderstandings, it was important to make it explicit that these frameworks were: (a) the Green Chemistry framework proposed by Paul Anastas and John Warner (cf. Section 2.2.1 of Chapter 2) and (b) the Green Engineering framework proposed by Paul Anastas and Julie Zimmerman (cf. Section 2.2.2 of Chapter 2).

Table 7.12 presented summaries of managers' and decision-makers' perceptions and motivations regarding the likelihood that their companies will undertake initiatives to acquire and/or to develop GCE based technological solutions once the GCE frameworks are diffused and disseminated at the company and/or the sector level. The interview protocol was presented in Appendix F.

*Table 7.12- Managers' perceptions and motivations regarding the likelihood of companies' adoption of the Green Chemistry and Green Engineering Frameworks for Undertaking Eco-Innovation Initiatives*

<b>RESPONDENT</b>	<b>LIKELIHOOD OF ADOPTION (LIKELY-UNLIKELY)</b>	<b>MANAGERS' PERCEPTIONS AND MOTIVATIONS REGARDING THE LIKELIHOOD OF COMPANIES' ADOPTION OF THE GREEN CHEMISTRY AND GREEN ENGINEERING FRAMEWORKS FOR UNDERTAKING ECO-INNOVATION INITIATIVES</b>
<b>1</b>	Very likely	<ul style="list-style-type: none"> <li>• Once the GCE principles are well known and understood they are very likely to be accepted. The majority of companies are conscious about the importance and the necessity of the use of increasingly cleaner and more sustainable technologies.</li> <li>• It is rare for a CEO or a manager in a petrochemical company not to be acquainted with at least some of the principles of GCE. The GCE frameworks provide companies with important guidance for the development and production or use of cleaner products, processes and services.</li> <li>• Although environmental principles are well accepted and understood, costs and economic returns are key points in the choice of technologies. Currently, less sustainable technologies, which are socially accepted, are very likely to be chosen over GCE technologies that produce less economic returns.</li> <li>• The amount of investment that is needed for acquiring or developing GCE innovative technologies and underscored the need for governmental support for their implementation.</li> </ul>
<b>2</b>	Very likely	<ul style="list-style-type: none"> <li>• As the company highly values questioning and knowledge, once the GCE principles are well known and understood they are very likely to be accepted.</li> <li>• When individuals at the company perceive that the GCE-based solutions are possible, feasible and effective, they will be more willing to adopt and apply them in the development of new cleaner and more sustainable solutions for the company's products, processes and services.</li> <li>• The company leaders see sustainability-related spending as investments and not as costs. Therefore, GCE based eco-innovation initiatives perfectly fit the company's investment policies and strategies.</li> <li>• The GCE concepts have strong support in the company's sustainability and business policies. The GCE principles embody ethical factors that are in full harmony with the policies and principles that guide his company's operations.</li> </ul>
<b>3</b>	Quite likely	<ul style="list-style-type: none"> <li>• The respondent called attention to the importance of knowledge in promoting changes towards sustainability.</li> <li>• The knowledge embodied in the GCE principles educate, guide and facilitate decision-making towards more sustainable products, processes and services.</li> <li>• Environmental and market motivations are very important drivers for companies to make improvements based on more sustainable technologies.</li> </ul>
<b>4</b>	Quite likely	<ul style="list-style-type: none"> <li>• The GCE principles are useful guidelines for his decision-making processes for the actual development of</li> </ul>



RESPONDENT LIKELIHOOD OF ADOPTION (LIKELY-UNLIKELY)	MANAGERS' PERCEPTIONS AND MOTIVATIONS REGARDING THE LIKELIHOOD OF COMPANIES' ADOPTION OF THE GREEN CHEMISTRY AND GREEN ENGINEERING FRAMEWORKS FOR UNDERTAKING ECO-INNOVATION INITIATIVES
	<p>cleaner and more sustainable solutions for products, processes and services.</p> <ul style="list-style-type: none"> <li>• Although the GCE concepts are very likely to be accepted by the company, the likelihood of their implementation increases as the GCE-based solutions are proven to be economically viable and there is the availability of the required means (internal and external to the company) for the development and implementation of GCE-based solutions.</li> <li>• If such solutions are proven to be economically feasible, the adoption of the GCE principles for the development of new solutions for the company's products, processes and services will contribute to the company's economic sustainability.</li> </ul>
<b>5</b>	<ul style="list-style-type: none"> <li>• The respondent did not anticipate resistance, on the part of his company, regarding the adoption and the implementation of the GCE frameworks.</li> <li>• It is also important that GCE are promoted at the sector level by the chemical and petrochemical sector trade association (ABIQUIM).</li> <li>• The company is associated to ABIQUIM and is signatory of ABIQUIM's Responsible Care Program (RCP). Because both, RCP and the company, are committed to sustainability, the acceptance of GCE is very likely to occur</li> </ul>
<b>6</b>	<ul style="list-style-type: none"> <li>• GCE concepts have strong support in their companies' sustainability and business policies.</li> <li>• The company is strongly sustainability and sustainable development oriented.</li> <li>• Many directives, guidelines, principles that have been incorporated to the company's institutional set, both in a structured and in an intuitive fashion, match the GCE principles. Such elements have been used as guidance to select and implement more advanced cleaner technological solutions</li> <li>• It is very likely that my company will incorporate the GCE frameworks, in a structured way, as the baseline for the development of technical solutions towards more sustainable products, processes and services.</li> <li>• It is part of the culture of my company to move beyond legislation regarding sustainability issues. Engaging in innovation-based GCE eco-innovation processes is a natural move into the company's consolidated journey to sustainability.</li> <li>• The respondent added that a sector level promotion and diffusion of the GCE frameworks could facilitate their implementation as official baseline principles for technological development.</li> </ul>

Source: author

## Summary

The analysis of the responses produced the following observations and insights:

- a) The respondents were unanimously in favor of the use of GCE as a baseline framework for the promotion of technological changes towards advanced sustainability states of their companies;
- b) The acceptance was dependent on a solid acquaintance of the GCE principles on the part of the company personnel and on the likelihood of GCE to produce economically feasible products and processes;
- c) The promotion and the dissemination of the GCE principles at the petrochemical sector level are very important elements for the engagement of their companies in GCE-based initiatives. In this regard, the chemical and petrochemical sector's trade association (ABIQUIM) plays an important and fundamental role in promoting and disseminating the GCE frameworks throughout the sector;
- d) Although stated in many different forms, the respondents agreed upon the drivers for the acceptance of GCE and the implementation of GCE-based approaches. The drivers are based upon the conceptual grounds of social, economic and environmental dimensions of sustainability and of the companies' responsibility to contribute positively to societal and to their corporate sustainability. This thesis author observed that these perceptions and motivations are the results of the change of culture regarding companies' environmental and socio-economic relations during the last decades;
- e) Some managers stated that their acceptance of GCE and that companies' engagement in GCE-based initiatives are contingent on the availability of adequate and proper financial and human resources. This view corroborated the premises of the Theory of Planned Behavior (TPB) regarding the intention to perform a behavior or the performance of the behavior itself. According to the TPB, the intention to perform a behavior will be produced as individuals perceive that they hold the required resources and opportunities (cf. Chapter 5). In relation to this thesis research, such resources are associated with the realms of knowledge and technologies, actors and networks and institutions.

### **Conclusions from this Thesis Research's Qualitative Survey Findings: Agreement with the Results and Perceived Contributions and Benefits to Knowledge, Eco-innovation and Technological Change**

This section was designed to document the interviewed managers' perceptions and beliefs regarding the extent to which:

- a) They agreed with this thesis research qualitative survey's findings,
- b) The findings can contribute to clarifying and improving company's knowledge in respect to eco-innovation determinants and
- c) Appropriate knowledge can help to promote and facilitate to effect the eco-innovation based technological changes towards more sustainable states in their company's.

Table 7.13 presents summaries of managers' and other decision-makers' perceptions regarding these issues. The interview protocol was presented in Appendix F.

*Table 7.13- Managers' degree of agreement with this thesis' research findings and their perceptions of the findings contributions to companies' knowledge on eco-innovation determinants and to the promotion of Green Chemistry and Green Engineering*

<b>RESPONDENT</b>	<b>AGREED - DISAGREED</b>	<b>MANAGERS' DEGREE OF AGREEMENT WITH THIS RESEARCH FINDINGS, PERCEPTIONS OF THE FINDINGS' CONTRIBUTION TO COMPANIES' KNOWLEDGE AND TO THE PROMOTION OF GREEN CHEMISTRY AND GREEN ENGINEERING</b>
<b>1</b>	Agreed	<ul style="list-style-type: none"> <li>• The respondent agreed with the results of this thesis research and reported that they will have positive impacts on companies and on the sector.</li> <li>• The results represented a true picture of the sector's reality. Since they reflect perceptions of the sector's managers, regarding eco-innovation and GCE, a positive impact will be generated at the sector and the company levels.</li> <li>• The results will provide ABIQUIM, governments and the petrochemical companies with important information, which can help and guide them to plan and to effect technological advancements towards sustainability in the industrial domain.</li> <li>• The research was very comprehensive and the results revealed important determinants of GCE-based eco-innovation and their links to key agents who can ultimately influence, support and promote technological changes in the petrochemical domain such as companies, ABIQUIM, environmental agencies, market etc.</li> <li>• The integration of the knowledge and information, produced by this thesis research, into the company's planning and decision-making processes can effectively contribute to enrich and to facilitate the establishment and the development of eco-innovation processes.</li> </ul>
<b>2</b>	Agreed	<ul style="list-style-type: none"> <li>• The respondent agreed with the results and stated that they reflect and encompass very important and relevant issues that are present in the company's context.</li> <li>• He called special attention to the aspects concerning knowledge, professional multi-functionality and innovation capabilities.</li> <li>• The findings of this research can be beneficial and can contribute to clarifying and improving his company's knowledge in respect to eco-innovation determinants as they provide the company with new, systemic and contextualized information.</li> <li>• The knowledge conveyed by the research results can help in facilitating the company's innovation efforts.</li> </ul>
<b>3</b>	Agreed	<ul style="list-style-type: none"> <li>• The respondent agreed quite strongly with the research's results;</li> <li>• The research's results matched quite highly with the respondent's beliefs regarding the attitudinal, personal and social, and behavioral control aspects associated with eco-innovation and GCE.</li> <li>• The results make clear, many aspects that are known but are not usually orderly and systematically compiled. Therefore, they will be important in clarifying issues related to GCE and eco-innovation in the Brazilian petrochemical context.</li> <li>• The research's results are very important. They can give substantial contribution to the company by providing it with</li> </ul>

RESPONDENT	MANAGERS' DEGREE OF AGREEMENT WITH THIS RESEARCH FINDINGS, PERCEPTIONS OF THE FINDINGS' CONTRIBUTION TO COMPANIES' KNOWLEDGE AND TO THE PROMOTION OF GREEN CHEMISTRY AND GREEN ENGINEERING
<p><b>AGREED - DISAGREED</b></p>	<p>significant information regarding behavioral change, innovation and their association with technological change towards more advanced states of corporate and planetary sustainability.</p> <ul style="list-style-type: none"> <li>• The results can contribute to the decision-making process regarding the types and areas of investments, cleaner technologies and eco-innovation processes.</li> <li>• It is important to integrate the knowledge and information, produced by this thesis research, into the company's planning and decision-making processes regarding the types and areas of investments they are making in cleaner technologies and eco-innovation processes.</li> <li>• This research represents a starting point for future developments.</li> <li>• If this research and its results reach and are acknowledged by important decision-makers ("the right people"), substantial progress can be made in terms of behavioral change and investments efforts (human, knowledge, capital etc.) towards sustainability.</li> </ul> <p><b>4</b>      Agreed</p> <p>Although the respondent agreed quite strongly with this thesis research's findings, exception was made for the case that the managers' perception of risk was low. In his opinion, although the operations intrinsic risks are high the risk control measures put them under control;</p> <ul style="list-style-type: none"> <li>• The research's findings reflected real concerns of the company and of the petrochemical sector. Aspects related to environmental risks, economic risks, social pressures, knowledge and technologies and actors and networks are part of the company's daily concerns;</li> <li>• The respondent agreed quite strongly that this thesis research's findings can be beneficial and contribute to clarifying and improving your company's knowledge in respect to eco-innovation determinants;</li> <li>• Such findings can generate important insights that can be translated into initiatives that can produce benefits to the company's business and image;</li> <li>• The results definitely aggregate new and useful knowledge to the company.</li> <li>• The company aims at being ahead of the legal requirements, and it is sensitive to societal and market demands, such knowledge can help to promote and facilitate to effect advanced eco-innovation based technological changes towards more sustainable states.</li> <li>• In the medium-term, as a consequence of changes to the current scenario, GCE can be used as a baseline approach in solving the company's technological challenges.</li> </ul> <p><b>5</b>      Agreed</p> <p>The results of the thesis research are in harmony with the thoughts and perceptions of the majority of the corporate leaders with regard to important requirements for the companies to innovate and to proceed towards advanced states of sustainability.</p> <ul style="list-style-type: none"> <li>• The research's findings can contribute to clarifying and improving knowledge regarding eco-innovation determinants. They will be beneficial as new knowledge and information always promote valuable inputs and</li> </ul>

RESPONDENT	MANAGERS' DEGREE OF AGREEMENT WITH THIS RESEARCH FINDINGS, PERCEPTIONS OF THE FINDINGS' CONTRIBUTION TO COMPANIES' KNOWLEDGE AND TO THE PROMOTION OF GREEN CHEMISTRY AND GREEN ENGINEERING
<p><b>AGREED - DISAGREED</b></p>	<p>influence and promote the onset of new initiatives.</p> <ul style="list-style-type: none"> <li>• The results will aggregate new knowledge to the company's current knowledge base.</li> <li>• New knowledge almost always helps to promote the development of new solutions for environmental and sustainability problems.</li> <li>• This study can contribute to eco-innovation initiatives in the company as it brings new information that, together with the current knowledge, can be useful in identifying and establishing innovation related priorities.</li> <li>• The results can help companies to deliberately formulate the appropriate measures and initiatives that can contribute to anticipate the demands of the broad society in respect to cleaner and economically feasible products, processes and services.</li> </ul>
<p><b>6</b></p>	<ul style="list-style-type: none"> <li>• There are no doubts about the importance of this thesis research's results in contributing to clarifying and improving companies' knowledge regarding GCE eco-innovation determinants.</li> <li>• The sooner companies have access to this information and the sooner they start to look in this direction, the more prepared they will be to approach their environmental and innovation challenges.</li> <li>• The results help to enrich the company's ongoing reflections on environment and innovation. They reinforce some priorities and help to enhance the confidence that the company is making the right choices;</li> <li>• The results highlight points that can be introduced in the company's innovation processes and routines in a structured and systemic fashion. They can also help to establish and to identify the interconnections between such elements and the company's well established routines;</li> <li>• By providing information on GCE and eco-innovation determinants, the results can help the company to establishing innovation processes that can ultimately translate customers' needs for greener products and services into the expected solutions.</li> </ul>

Source: author

## Summary

As concluding remarks, it can be argued that the reactions of managers to the four questions documented that:

- a) Managers are in full agreement with the findings of this thesis research's quantitative survey;
- b) The findings contributed to clarifying and improving their company's knowledge on GCE and related eco-innovation determinants;
- c) This knowledge is helping them to promote and to facilitate implementation of GCE technological changes;
- d) In order to make GCE pervasive in all companies' and sector's domains, there is a need for promoting and introducing GCE in a systemic way via cooperation initiatives involving the companies, the trade association (ABIQUIM) and Brazil's environmental protection agencies;
- e) The managers responses revealed that the underlying motivations for their conclusions are based upon the range of theoretical/practical possibilities presented throughout this thesis research, and
- f) The managers emphasized the pivotal importance of promotion and dissemination of GCE at the sectoral level. In this case, ABIQUIM, governmental organizations (e.g. Environmental Agencies, the Ministry for the Industry and Commerce etc.), and Universities must all play important roles.

### **Perceptions of the Importance of the Contribution of this Thesis Research's Findings for the Development, Introduction and Diffusion of Eco-innovation Policies**

One of the main contributions of this thesis research was to provide important agents, within and outside the petrochemical sector (companies, trade association, governmental organizations, the academy etc.), with recommendations for GCE bases eco-innovation policies.

The most important aspects of these recommendations were that they were generated from the scientifically based and empirically tested eco-innovation determinants that were proposed by this thesis research.

For such policies to be developed, accepted and implemented, it was necessary that important agents and decision-makers believed and perceived that they are valid, efficient and effective. This section explored the perceptions of these agents at the company level.

Table 7.14 presented summaries of managers' and other decision-makers' perceptions regarding these issues. The interview protocol was presented in Appendix F.

*Table 7.14- Managers' perceptions and motivations regarding the importance of this thesis' research's findings for the development, introduction and diffusion of eco-innovation policies at the sector and the company levels*

<b>RESPONDENT</b>	<b>IMPORTANT NOT IMPORTANT</b>	<b>MANAGERS' PERCEPTIONS AND MOTIVATIONS REGARDING THE IMPORTANCE OF THE CONTRIBUTION OF THIS THESIS RESEARCH'S FINDINGS FOR THE DEVELOPMENT, INTRODUCTION AND DIFFUSION OF ECO-INNOVATION POLICIES</b>
<b>1</b>	Important	<ul style="list-style-type: none"> <li>• Policies are of maximum importance for supporting, organizing, developing and implementing any initiative directed to sustainability issues.</li> <li>• The presentation of scientifically and empirically-based recommendations for the development of policies, such as those that are based on this thesis research, can play a very important role and can make a great contribution to the development of more effective policies.</li> <li>• This policy effectiveness is grounded on the fact that they touch real and proven needs and include important and necessary agents.</li> <li>• In order to promote and develop policies aimed at promoting GCE and eco-innovation, at the sector level, good coordination and by ABIQUIM is needed. Articulation with governmental sectors is necessary for supporting and developing such policies.</li> </ul>
<b>2</b>	Important	<ul style="list-style-type: none"> <li>• Policies are mandatory for guiding companies towards their objectives. They legitimize and discipline actions and behavior.</li> <li>• The incorporation of the findings of this thesis research into corporate eco-innovation policies can contribute to planning and to the establishment of requirements for corporate innovation processes.</li> </ul>
<b>3</b>	Important	<ul style="list-style-type: none"> <li>• According to this respondent, policies based on this research's results can contribute to the introduction, diffusion and incentivization of implementation of GCE based eco-innovation because it provides the required elements for educating, training, planning and decision-making.</li> <li>• Such policies must be developed, implemented and be active and effective in companies daily activities.</li> <li>• Such policies can help companies CEO's and managers, the sector's representative associations and governmental organizations to develop specific programs and plans based on specific and empirically measured issues, which are likely to increase the likelihood of success.</li> </ul>
<b>4</b>	Important	<ul style="list-style-type: none"> <li>• This respondent stated that such policies provide a baseline and a common starting point for companies to approach GCE eco-innovation and competitiveness challenges.</li> <li>• These findings are in harmony with his perceptions with regard the sustainability and sustainable development principles and eco-innovation.</li> <li>• As the petrochemical sector and its representative organizations have the same perception, they will eventually be deliberately legitimated <i>via</i> the development and implementation of such policies.</li> </ul>
<b>5</b>	Important	<ul style="list-style-type: none"> <li>• As the results reflected elements that were elicited from true cases, this thesis research's results can</li> </ul>

RESPONDENT	IMPORTANT NOT IMPORTANT	MANAGERS' PERCEPTIONS AND MOTIVATIONS REGARDING THE IMPORTANCE OF THE CONTRIBUTION OF THIS THESIS RESEARCH'S FINDINGS FOR THE DEVELOPMENT, INTRODUCTION AND DIFFUSION OF ECO-INNOVATION POLICIES
6	Important	<p>undoubtedly help the company and the sector to develop more specific policies and programs regarding the introduction, diffusion and incentivizing GCE based eco-innovation processes.</p> <ul style="list-style-type: none"> <li>• As the results represented information that was elicited from the perceptions of the petrochemical companies, it can be easily understood and can be completely inserted in the sector's context.</li> <li>• Corporate policies based on this thesis research's results can enhance reflections on the issues covered by the research at the same time that they can provide stronger support for the development and the implementation of GCE based eco-innovation processes.</li> <li>• Governmental policies based on the results of this thesis research aimed at supporting and fostering GCE based eco-innovation can be very useful and positive in stimulating companies to search for more sustainable solutions via eco-innovation.</li> <li>• At the sector level, such results can be important for the development of eco-innovation policies associated with the sector's self-regulation regarding sustainability and sustainable development objectives and incentives. That is, if the sector and ABIQUIM are prepared to adequately interpret this thesis research and to produce a set of self-regulatory initiatives, such efforts will be more assertive and anticipative and it will inexorably be ahead of the legislation.</li> </ul>

Source: author



## Summary

Three important points were distilled from the managers' responses:

- a) Managers emphasized that they are positive to the GCE concepts and are fully supportive to the policy recommendations that were proposed based on the results of this thesis research;
- b) They understand that as such, policies are developed based on scientifically and empirically based recommendations, they will address real and proven needs and will include important and necessary agents. This very much enhances their likelihood of being accepted and successfully implemented;
- c) Managers saw that the development of such policies at the sectoral level as being fundamental for the success of the dissemination and the incorporation of GCE at the company level. They emphasized that companies, ABIQUIM and governmental organizations are the most important agents in development and implementation of appropriate supportive policies at the governmental and corporate levels.
- d) If the sector and ABIQUIM are prepared to adequately interpret this thesis' research findings and to produce a set of self-regulatory initiatives, such efforts will be more assertive and anticipative and it will inexorably be ahead of the legislation.

### **Perceptions of the Importance and Effectiveness of ABIQUIM and its "Responsible Care Program" in Disseminating, Supporting and Fostering GCE in the Brazilian Petrochemical Sector**

ABIQUIM plays an important and fundamental role in promoting initiatives that foster increased competitiveness and sustainable development of the chemical industries in Brazil. Currently, one of the sector' main initiatives towards sustainability and sustainable development in the chemical and petrochemical industry is ABIQUIM's Responsible Care Program (RCP), which is mandatory for all ABIQUIM's associated companies.

The RCP embraces the development and application of sustainable chemistry, helping the industry contribute to sustainable development while allowing meeting the world's growing need for essential chemicals and products<sup>106</sup>.

This section explores the perceptions of managers and other decision-makers, in the Brazilian petrochemical sector, regarding the importance of ABIQUIM and its RCP in the process of disseminating, supporting and fostering GCE in the Brazilian Petrochemical Sector.

Table 7.15 presents summaries of managers' and other decision-makers' perceptions regarding these issues. The interview protocol is presented in Appendix F.

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<sup>106</sup> Source: International Council of Chemical Associations (ICCA) (<http://www.icca-chem.org/en/Home/Responsible-care/>). Accessed in February, 2013.

*Table 7.15- Managers' perceptions and motivations regarding the importance and effectiveness of ABIQUIM and its "Responsible Care Program" in disseminating, supporting and fostering GCE in the Brazilian petrochemical sector*

<b>RESPONDENT</b>	<b>IMPORTANT NOT IMPORTANT</b>	<b>MANAGERS' PERCEPTIONS AND MOTIVATIONS REGARDING THE IMPORTANCE AND EFFECTIVENESS OF ABIQUIM AND ITS "RESPONSIBLE CARE PROGRAM" IN DISSEMINATING, SUPPORTING AND FOSTERING GCE IN THE BRAZILIAN PETROCHEMICAL SECTOR</b>
<b>1</b>	Important	<ul style="list-style-type: none"> <li>• ABIQUIM and its RCP are basic and extremely important elements in the development and implementation of any sector level initiative concerning the sustainability of the chemical and petrochemical sectors.</li> <li>• The RCP has a critical importance in promoting the sustainability awareness in the chemical and petrochemical sectors.</li> <li>• The RCP has multiplying effect and is the main instrument, in the petrochemical sector, for the diffusion for influencing companies towards sustainability and sustainable development.</li> <li>• It can be a powerful instrument for the diffusion and the adoption of GCE in the Brazilian petrochemical sector.</li> </ul>
<b>2</b>	Important	<ul style="list-style-type: none"> <li>• ABIQUIM is a major actor in promoting the GCE principles at national level. The RCP is the main mechanism for the introduction, dissemination and implementation of the GCE principles in the Brazilian petrochemical sector.</li> <li>• The introduction and dissemination of the GCE frameworks can be conducted in wake of ABIQUIM's past successful efforts and initiatives regarding the RPC.</li> <li>• Results could be expedited and enhanced if ABIQUIM's RCP efforts were done in conjunction with local chemical industry associations.</li> </ul>
<b>3</b>	Important	<ul style="list-style-type: none"> <li>• As ABIQUIM congregates and represents the Brazilian petrochemical sector and accommodates and defend its interests, it can be a powerful actor in fostering innovation and the use of GCE in the petrochemical realm.</li> <li>• ABIQUIM can/should provide information and exert pressures on the governmental sector in order to promote institutional support for the implementation of GCE-based eco-innovation processes in the petrochemical sector;</li> <li>• ABIQUIM's RCP is a strong, consolidated and well-structured voluntary initiative aimed at helping the chemical industry to continuously improve its performance in areas related to health, safety and the environment. It has been historically an important initiative in promoting and pushing the petrochemical sector towards more advanced environmental protection levels. It can undoubtedly be a very important program for disseminating, supporting and fostering the use of the GCE frameworks within such domain;</li> <li>• As ABIQUIM strongly promotes and supports sustainability and sustainable development via its consolidated programs, initiatives, such as the RCP, companies will be increasingly incentivized and motivated to incorporate GCE and eco-innovation in their routines.</li> </ul>
<b>4</b>	Important	<ul style="list-style-type: none"> <li>• This respondent emphasized the high importance of the existence of external actors that can mediate/influence</li> </ul>

RESPONDENT	IMPORTANT NOT IMPORTANT	MANAGERS' PERCEPTIONS AND MOTIVATIONS REGARDING THE IMPORTANCE AND EFFECTIVENESS OF ABIQUIM AND ITS "RESPONSIBLE CARE PROGRAM" IN DISSEMINATING, SUPPORTING AND FOSTERING GCE IN THE BRAZILIAN PETROCHEMICAL SECTOR
		<p>the introduction and the dissemination of GCE in the petrochemical sector;</p> <ul style="list-style-type: none"> <li>• Such mediation and influence represent very important contributions to culture building and to the enhancement of initiatives and the promotion of GCE as baseline principles for technical change.</li> <li>• ABIQUIM plays a major and unique role in mediating and influencing the introduction and the dissemination of GCE in the petrochemical sector as baseline principles for technical change.</li> <li>• ABIQUIM and local industry associations have the power to exercise influence upon the petrochemical companies regarding new sustainability issues;</li> <li>• ABIQUIM is a major actor in promoting the GCE in the petrochemical sector at national level. ABIQUIM's RCP is the most important initiative for the introduction, dissemination and implementation of the GCE principles in the Brazilian petrochemical sector.</li> </ul>
5	Important	<ul style="list-style-type: none"> <li>• ABIQUIM is a very strong agent in the Brazilian petrochemical sector;</li> <li>• ABIQUIM's RCP is a central program in the petrochemical sector regarding health, safety and environmental issues towards companies' sustainability;</li> <li>• The nature, the objectives and the structure of the RCP make the program very important adequate to promote and incentivize the adoption and use of sustainable practices. This includes harboring the GCE frameworks and promoting them as baseline principles for more sustainable products, processes and services.</li> </ul>
6	Important	<ul style="list-style-type: none"> <li>• ABIQUIM is a major and very important agent in influencing and supporting sustainability initiatives in the petrochemical sector. In light of this importance, the likelihood of success with regard the incorporation of GCE, as baseline frameworks and guidance for technological change in the petrochemical sector, could be much higher if conducted by ABIQUIM.</li> <li>• Initiatives that have been proven to be successful must be fully explored. Therefore, ABIQUIM's RCP represents a good initiative, an adequate framework and an effective vector for disseminating and incentivizing the adoption and implementation, by the petrochemical companies, of GCE in their innovation processes.</li> </ul>

Source: author

## Summary

Although some respondents mentioned other initiatives such as the ISO 14000 series and the National Quality Prize, they considered them to be less effective than RCP for promoting GCE in the Brazilian petrochemical sector.

The insights and recommendations presented in this section provided clear evidence of the high esteem that the company managers and other decision-makers have for ABIQUIM and its RCP in disseminating, supporting and fostering GCE in the Brazilian petrochemical sector.

### **Have Brazilian Petrochemical Companies Advanced Beyond Willingness?**

One of the main objectives of this thesis research was to measure and understand the depth of Brazilian petrochemical companies' willingness to engage in GCE based eco-innovation activities. The results obtained by this thesis research's quantitative research demonstrated that companies are willing for such engagement and explained its underlying determinants (cf. Chapter 6 and in Sections 7.1, 7.2 and 7.3 of Chapter 7).

Based on those findings, this thesis researcher explored managers' perceptions and examined the extent to which companies have already departed from willingness and have advanced towards sustainability through sustainable development practices. It is the proposal of this author that by analyzing leader's views it will be possible to have a better understanding of their underlying motivations for such willingness to continue on the SD journey.

In parallel, by having a clear view of the extent to which companies have moved beyond willingness to actions, it will be possible to infer if GCE can be effectively used as a framework to catalyze the Brazilian Chemical Industry's network of companies to rapidly continue on their SD journey.

This inquiry explored two important points:

- a) The company's past, current and planned initiatives (policies, programs, business strategies, investments, directives, standards etc.) to effect the required technological changes to make it more sustainable, and
- b) The changes (organizational, personal, learning processes, knowledge base, institutional etc.) that were required for the company to introduce, implement and manage these initiatives.

The information from this inquiry was complemented by information derived from companies' official and publicly disclosed documents.

The analyses regarding both questions corroborated answers obtained to the question regarding the importance of the concepts of sustainability and sustainable development for the Brazilian petrochemical companies. The analyses provided actual and solid evidence that S and SD are serious concerns and that they have effectively moved, although in different degrees, beyond willingness to actualization.

Table 7.16 presents examples of companies' initiatives towards advanced states of sustainability. The interview protocol is presented in Appendix F.

*Table 7.16- Examples of companies' advancement towards higher states of sustainability (moves beyond willingness to actualization)*

RESPONDENT	NON-TECHNICAL INITIATIVES	TECHNICAL INITIATIVES
1	<ul style="list-style-type: none"> <li>• The company has a worldwide sustainability policy and commitments.</li> <li>• Publishes an Annual Sustainability Report to report its advances towards sustainability and to its Communication on Progress (COP) for the UN Global Compact's ten principles.</li> <li>• The company is a signatory of ABIQUIM's Responsible Care Program and it is ISO 1400, ISO 18001 certified.</li> <li>• In order to cope with the environmental policies, programs, objectives and goals, the company has undergone, throughout the last decades, substantial organizational changes regarding organizational structure, learning processes, knowledge integration capabilities.</li> </ul>	<ul style="list-style-type: none"> <li>• Developed and implemented a large number of programs, standards, guidelines, directives, clear sustainability objectives and goals, indicators (Global Reporting Initiative based), special task forces for continuous improvement and study groups etc. towards the sustainability</li> <li>• Installed and use energy co-generation using renewable, non-fossil-based fuel as a substitute for natural gas in their production processes.</li> <li>• Implemented an industrial ecology-inspired project that uses petrochemical process residues as raw materials for other manufacturing process.</li> <li>• Implemented improved process control systems and strategies.</li> <li>• Implemented the use of environmentally friendlier catalysts and solvents, and less toxic products;</li> <li>• Uses product life cycle in their environmental analyses.</li> <li>• Implemented a manufacturing process, based upon ethylene oxide that is a more sustainable process, which requires a minimum use of water.</li> <li>• Performed research on the substitution of asbestos with safer materials in specific separation processes</li> <li>• Innovation plays a central role in such sustainability efforts.</li> <li>• Such innovation processes are conducted by the company's own R&amp;D and by a series of partnerships;</li> <li>• The company uses the energetic integration in its processes as the basic design guideline.</li> <li>• The company developed and implemented waste recycling programs.</li> </ul>
2	<ul style="list-style-type: none"> <li>• The company is strongly committed to sustainability and sustainable development as is attested to in its Mission &amp; Vision statement and in its integrated, advanced management policy regarding safety, health, industrial hygiene, environment and quality.</li> </ul>	<ul style="list-style-type: none"> <li>• The company has developed and implemented initiatives, programs, directives, guidelines, checklists, procedures, indicators, engineering norms, standards and sustainability objectives.</li> <li>• New catalysts have been developed and implemented in the production process. This improved selectivity resulted in 30%+</li> </ul>

**RESPONDENT****NON-TECHNICAL INITIATIVES**

- The company's management principles, commitments, initiatives and results are reported in its annual socio-environmental report and in a variety of media including the company's web site.
- Currently the company utilizes a corporate management and planning system that integrates aspects related to the triple bottom line (People, Planet and Profit) into the company's operations.
- The company implemented initiatives regarding stakeholders (academy, governmental organizations, communities etc.) consultation for helping to identify weak points within operations and its relations with the community.
- The company has strong ethical institutional principles regarding investment practices. Ethical principles related to the environment, to the people and to business are closely followed.
- The company is registered in the sustainable company's stock market.
- The company is a signatory of ABIQUIM's Responsible Care Program and it is ISO 9000 and ISO 14001 certified.
- With respect the organizational changes, they were implemented in three evolutionary steps: (a) environmental issues were introduced as a main topic in the company production processes, (b) environmental concerns were diffused to every aspect of the company's activities and (c) the company developed an integrated management and planning system, which incorporated sustainability and sustainable development concepts.
- Organizational changes were necessary in every phase in order to make the structural changes

**TECHNICAL INITIATIVES**

- improvement in conversion efficiency in some processes.
- Reduction of 70% in the volume of the liquid industrial effluents.
- Reduction of production of solid wastes.
- Industrial ecology-based projects for the use of solid residues as inputs for other manufacturing processes.
- Development and implementation of energy consumption reduction directives and guidelines, which have been incorporated into engineering, process and operations. Good progress has been made.
- The company has succeeded to operate some processes at lower pressures, which achieved reductions in energy consumption.
- Under the concept of sustainable cleaner technologies, the company has introduced process solutions to convert process byproducts into saleable products.

RESPONDENT	NON-TECHNICAL INITIATIVES	TECHNICAL INITIATIVES
<p>possible. The organizational changes included the redefinition of the required capabilities for the conception, development and implementation of sustainability directed initiatives (environmental, health, safety).</p>	<p>3</p> <ul style="list-style-type: none"> <li>• The company's commitments regarding sustainability are stated in its corporate policies, signed by the top management, at the corporate and site levels. These commitments are fully communicated to the society and to the different stakeholders;</li> <li>• The corporate policies were designed as a result of extensive consultations with a wide variety of internal and external stakeholders;</li> <li>• The company is officially and ostensibly committed to become acknowledged as a sustainable company;</li> <li>• Sustainability commitments and advances are published on the company's Global Reporting Initiative reporting framework based sustainability reports.</li> <li>• The company is an ABIQUIM member and it is signatory of the Responsible Care Program and is ISO 14001 and 18001 certified.</li> <li>• With respect to the organizational changes the company has undergone vertical (hierarchical) and horizontal (functional) restructuring to accommodate the needs for changes towards its sustainability objectives. They aimed not only at the promotion of the generation of more sustainable solutions to meet the challenges, but they also sped up the rate at which they addressed them.</li> </ul>	<ul style="list-style-type: none"> <li>• The company has developed and implemented a series of sustainability directed programs, project standards and guidelines, rules, routines, indicators, initiatives, projects etc. that permeate the company at all its levels (at the global and local level);</li> <li>• The company has invested extensively in recycling and reusing industrial ecology-based projects for its residues (solid, liquid and gaseous). This is a result of changes in the company's beliefs system and behavior. Residues are not viewed as wastes but as potential inputs for other processes.</li> <li>• The company has designed new processes and modified old ones according "greener" principles (cf. Figure 7.7 and Figure 7.8).</li> </ul>
<p>4</p>	<ul style="list-style-type: none"> <li>• The company's commitment to sustainability (economic and socio-environmental responsibility) is attested to by the introduction of socio-environmental responsibility into its corporate governance. It is</li> </ul>	<ul style="list-style-type: none"> <li>• Their progress on their improvement journey is demonstrated by the initiatives, programs, directives, guidelines, check lists, procedures, indicators (Balanced Scorecard), engineering norms, standards and sustainability objectives that have been produced as a consequence</li> </ul>

clearly manifested in the company's Mission and Vision, statements, which are open and disclosed to all its stakeholders.

- The company's commitment to innovation and sustainability and to sustainable development, its associated initiatives and their respective results are documented in its annual sustainability reports, which follow the Global Reporting Initiative reporting framework.
- to sustainability and sustainable development;
- The company's sustainability guidelines were developed based on mainstream international references such as:
  - Triple Bottom Line (Elkington, 1999);
  - The United Nations Global Compact initiative;
  - OECD Guidelines for Multinational Enterprises (*OECD, 2000*);
  - Dow Jones Sustainability Group Indexes (*DJSGI, 1999*), and
  - Compendium of Sustainability Reporting Practices and Trends for the Oil and Gas Industry (*API/PIECA, 2003*).
- The company has been awarded the National Quality Prize (the Brazilian version of the Malcolm Baldrige National Quality Award), which has strong socio-environmental responsibility and social development excellence criteria.
- The company is signatory of ABIQUIM's Responsible Care Program and it is ISO 9000 and ISO 14000 certified.
- With respect the organizational changes the company has undergone organizational structure and capabilities changes that resulted in:
  - New positions in different hierarchical levels were created that are dedicated to socio-environmental responsibilities;

of the company's public commitment.

- As examples of the results obtained by the company regarding advancements towards more advanced states of sustainability, the following can be mentioned:
  - Implemented water reuse projects;
  - Substitution of toxic product additives with less toxic ones;
  - Implemented energy efficiency projects;
  - Invested in advanced process automation regarding on-line control and real time optimization. This helped them to enhance their efficiency of conversion and separation processes and the reduction of product losses and energy consumption
  - Industrial ecology-based projects for the use of solid residues as input for other manufacturing processes. These projects have significantly reduced the residues that had to be treated as hazardous solid wastes;
- Energy consumption reduction directives and guidelines have been incorporated to engineering, process and operations. Good advances have been obtained



- New communication channels and structures were created to facilitate and expedite decision-making and to follow-up processes relative to environmental issues;
- Internal committees were created to identify, to approach and to discuss environmental challenges in a multidisciplinary manner

5

- The company has implemented many initiatives have been produced as a consequence of the company's public commitment to sustainability that is disclosed to the company's stakeholders via its sustainability policy.
  - Such sustainability initiatives include sustainable chemistry, socio-environmental management, safety, relations with stakeholders.
  - The company's corporate management is based upon three pillars:
    - Innovation: to provide innovative solutions within ethical boundaries;
    - People: aimed at human development;
    - Sustainability: sustainability objectives include engagement of stakeholders.
    - Sustainability objectives were developed aimed at protecting the environment and human health, contributing to the success of communities, sustainable chemistry, contributing to solving the main global challenges, establishing commitment to product safety, energy conservation, and promoting initiatives to counteract global warming.
  - These corporate sustainability commitments, initiatives and results are audited and reported via the company's annual sustainability reports that are published on a variety of media including on the company's web site.
  - The company is signatory of ABIQUIM's Responsible Care Program and it is ISO 9000, ISO 14001 and 18001
- The company developed and implemented initiatives, programs, guidelines, indicators, engineering norms, standards and sustainability objectives demonstrated the company's advances towards sustainability.
  - Integration of electricity and steam co-generation using renewable biomass as a substitute for fossil fuels in their production processes.
  - Industrial ecology-inspired project that uses petrochemical process residues as raw materials for other manufacturing processes.
  - The development and use of environmentally friendlier catalysts and solvents, less toxic products, utilization of product life cycle in the environmental analysis.
  - The respondent revealed that the company's sustainability and sustainable development guidelines and product life cycle approaches are applied in the development of every new product and process.

certified.

- In order to cope with the sustainability policies, programs, objectives and goals, the company has undergone, throughout the last decades, substantial organizational changes regarding organizational structure, learning processes, knowledge integration capabilities etc.

6 • The company's commitment to sustainability (economic and socio-environmental responsibility) and innovation is attested to its annual sustainability report, which follows the Global Reporting Initiative sustainability-reporting framework.

- The company is signatory to the United Nation's Global Compact initiative.

- The company embraces the principles of the "Green Economy" that are being promoted by the United Nations Commission on Sustainable Development (CSD) and by the United Nations Environmental Program (UNEP).

- The company has established and made public, seven priority macro-objectives:

- To be a leader in chemicals safety;
- To reduce the intensity of the emission of Greenhouse Gases (GHG);
- To increase water use efficiency;
- To increase energy efficiency;
- To be the largest renewable raw materials based thermoplastic resins producer;
- To contribute to reduce the impact of plastics afterlife;
- To be perceived as an important agent of human development.

- For each of these objectives there are a series of ongoing and planned initiatives to be conducted up to the year 2020:

- - 2010

- The company's technological progress is documented by the initiatives, programs, directives, guidelines, check lists, procedures, eco-indicators, engineering norms, standards and sustainability objectives that have been produced as a consequence of the company's public commitment to sustainability and sustainable development.

- The following are examples of the results obtained by the company regarding innovative advancements towards more advanced states of sustainability:

- The company developed and produced "Green Ethylene" produced from renewable raw-materials (sugarcane);

- The development and production of "Green Polyethylene" produced from renewable raw-materials (sugarcane);

- The company will soon initiate the production of "Green Polypropylene" from renewable raw-materials (sugarcane);

- Among the results obtained by the company's eco-innovation initiatives, it can also be noted its ethyl-tert-butyl ether (ETBE) production processes. ETBE is a gasoline bio-additive partially made from sugarcane ethanol. This product, which required nearly three years of research to develop, is an innovation that replaces the traditional methyl tert-butyl ether (MTBE) additive and reduces chemical and human health risks.

- The respondent stressed that other cleaner technologies and cleaner product's projects are currently under development. Due to confidentiality reasons, information on them could not be disclosed.

- To be registered on REACH (Registration, Evaluation, Authorization and Restriction of Chemical Substances);
- 2011-2015
  - To lead the implementation of the International Council of Chemical Associations (ICCA) Global Product Strategy Program (GPS) in Latin America;
  - To participate in the continuous improvement of the Risk Rating and achieve at least a mean of 90 points, which will place the company's plants at "above standard" level;
  - To abolish mercury and asbestos from their production processes;
- 2020
  - To be a world reference in the use and in the responsible production of chemicals;
  - To ban the use and the production of chemicals that are listed in global "black lists";
  - According to the respondent, the company is deliberately committed and develops efforts to continuously improve its processes and their respective operations. This can be attested to the reduction of its processes effluents and residues generation. Their data are regularly disclosed to the company's stakeholders through the company's diverse information channels.
- The company is signatory of ABIQUIM's Responsible Care Program and it is ISO 9000 and ISO 14001 and OSHAS 18000 certified.
- The company has developed and implemented a corporate social responsibility policy. Social responsibility norms based on the ISO 26000 norm series are due to be fully implemented by 2015.
- With regard the organizational changes new areas and

positions in different hierarchical levels were created to fulfill the company's innovation and socio-environmental responsibility needs and commitments.

- Organizational changes aimed at increasing the proximity with stakeholders (industry, discussion *fora*, customers etc.) were implemented, new communication channels and structures were created to facilitate and expedite decision-making and follow-up processes relative to socio-environmental issues. Internal committees were also created to address environmental challenges in a multidisciplinary manner.

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Source: author

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## Summary

The information obtained *via* this inquiry produced many insights that helped this thesis author to clarify the managers' willingness to accept the GCE frameworks and to engage in GCE-based eco-innovation processes. They also helped this author to develop a forecast regarding the implementation of GCE as a baseline framework for the corporate technological changes towards more sustainable products, processes and services.

First, it was clear that the interviewees responses supported the idea that the Brazilian petrochemical company managers' willingness to implement GCE was derived from and is underpinned by a sustainability and sustainable development culture that has been implemented in many ways within the Brazilian petrochemical sector. This culture strongly pervades the companies and it is the result of the national and international efforts and initiatives that have been conducted by the companies during the last two decades.

As the concepts of sustainability and sustainable development are strongly bounded to the petrochemical companies' operational culture, companies have taken many steps beyond willingness, in fact, by using some GCE principles as a reference (cf. next sections). It is plausible to state that, in the context of the Brazilian petrochemical sector, there are conditions that represent fertile grounds on which the implementation of the GCE as the baseline framework for technological changes could prosper. It is important to note that this line of argumentation is based upon the premise that GCE will be properly and adequately promoted by key agents such as companies' leaders, ABIQUIM and governmental environmental (e.g. Ministry and States' Secretariat for the Environment, EPAs etc.) and non-environmental (Ministry for the Science, Technology and Innovation, Ministry of the Industry and Commerce, Ministry for Education etc.) organizations.

### **Managers' Agreement with this Thesis Research Recommendations for Eco-Innovation Policies Development**

As noted in Sections 4.1 of Chapter 4 and in Sections 7.2 and 7.2.1 of Chapter 7, one of the important contributions of this thesis research was to provide decision-makers with recommendations for the development of policies and strategies. In addition to facilitating the promotion and the implementation of GCE, at the company and the sector levels, such recommendations can be also used as a reference in developing GCE-based eco-innovation policies, procedures, processes and products.

In order to build upon those recommendations, this thesis researcher presented the findings to six Brazilian petrochemical company managers who were asked to provide additional comments as well as to point out elements that according to them were missing.

Table 7.17 presents summaries of the managers' and other decision-makers' levels of agreement with and their perceptions regarding the recommendations of this research for the development of eco-innovation policies. The interview protocol was presented in Appendix F.

*Table 7.17- Managers' levels of agreement with and their perceptions regarding this thesis' research recommendations for the development of Eco-Innovation policies*

<b>RESPONDENT</b>	<b>AGREE - DISAGREE</b>	<b>MANAGERS' AGREEMENT WITH AND THEIR PERCEPTIONS REGARDING THIS THESIS RESEARCH RECOMMENDATIONS</b>
<b>1</b>	Agreed	<ul style="list-style-type: none"> <li>The recommendations are adequate and can help to promote effective GCE and eco-innovation policies both at the company and at the sector levels.</li> <li>The recommendations can make valuable contributions and help the Brazilian petrochemical companies in identifying their policy needs for a more sustainable future. They can also provide companies with information that are valuable for eco-innovating in more sustainable fashion.</li> </ul>
<b>2</b>	Agreed	<ul style="list-style-type: none"> <li>This respondent stated that this thesis research's recommendations match his perceptions and beliefs and in general, he does not identify other points that could be recommended.</li> </ul>
<b>3</b>	Agreed	<ul style="list-style-type: none"> <li>This research's recommendations are well suited to the Brazilian context.</li> <li>The recommendations allow for the sector and company levels decision-making based on actual data that have been collected via scientific methods.</li> <li>The recommendations can provide decision-makers with important and effective guidance for planning.</li> </ul>
<b>4</b>	Agreed	<ul style="list-style-type: none"> <li>This research's recommendations match his perceptions and beliefs and that, in general, he did not identify other points that should be recommended.</li> <li>He corroborated with the recommendation that the information, education and training regarding the company's environmental risks and their relations to economic consequences and business opportunities should be adapted and communicated to the different levels in the corporation. This is likely to generate different insights in the different hierarchical levels and to enhance the participation and the involvement of different agents in approaching and solving the environmental challenges.</li> <li>As ABIQUIM is a major representative of the petrochemical sector, he agrees that the use of the guidelines provided by the RCP, which are designed to promote the interaction of companies with their stakeholders, is an adequate choice to monitor and to capture the market, community and regulatory agents' demands regarding cleaner and more sustainable products, processes and services.</li> </ul>
<b>5</b>	Agreed	<ul style="list-style-type: none"> <li>The recommendations are adequate to help the petrochemical companies to improve their learning and innovation mechanisms and routines;</li> <li>The presentation of the thesis research's recommendations, in a systemic and comprehensive form, will support better, effective and selective objectives setting and a better allocation resources.</li> <li>According to this respondent such argument is supported by the fact that these results were developed based on empirical results, and were strongly based on robust theoretical foundations.</li> <li>The recommendations can make important contributions and will help the Brazilian petrochemical companies in addressing their sustainability challenges.</li> </ul>

**RESPONDENT    AGREE -    MANAGERS' AGREEMENT WITH AND THEIR PERCEPTIONS REGARDING THIS THESIS RESEARCH RECOMMENDATIONS**  
**DISAGREE**

- The respondent did not identify missing points.

- Due to time constraints, this question was not covered in the interview with this respondent.

**6**

## Summary

All six interviewed managers and other decision-makers, who answered this question, were in full agreement with this research's recommendations. They concluded that they are sufficient and can help to promote effective GCE and eco-innovation policies both at the company and at the sector levels. In addition, they did not identify any missing points.

Some important points underpinning their agreement:

- The recommendations can support the sector and company level's decision-making;
- The recommendations were produced based on solid theoretical background and consistent and reliable empirical methods;
- The recommendations can provide decision-makers with important and effective guidance for planning;
- They can also provide companies with information that is valuable for eco-innovating in a more sustainable fashion.

## **Are the CGE Principles Already in use by the Brazilian Petrochemical Companies?**

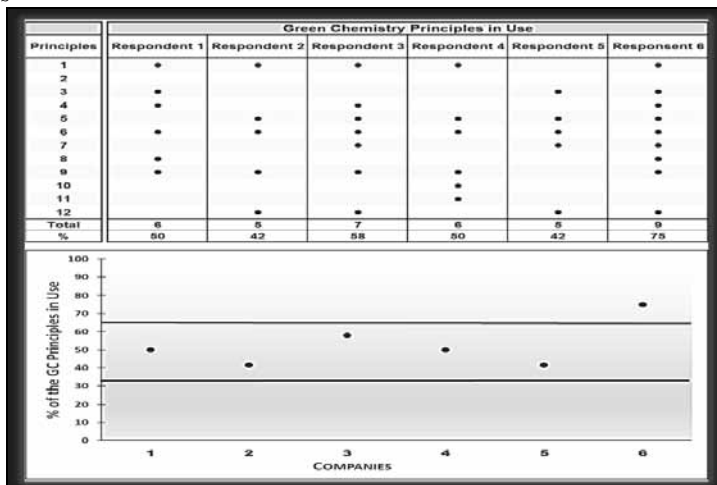
The previous sections of this inquiry provided substantial evidence that companies, in the Brazilian petrochemical sector, have moved beyond willingness regarding sustainability and sustainable development. The results showed that companies are promoting and implementing sound GCE changes. Therefore, measuring the extent to which they have applied the principles of GCE seems to be a plausible way to further test this thesis research's finding regarding companies' willingness to incorporate GCE in their operations and to engage in GCE based eco-innovation processes.

Such argumentation was supported by the fact that, even though not directly associated with the GCE frameworks, some directives, guidelines and principles that have been incorporated within the company's institutional policies, goals, procedures and productions processes match the GCE principles. Those types of incorporation are being implemented both in a planned and structured manner as well as in an intuitive fashion.

Managers were confronted with the twelve principles of Green Chemistry and the twelve principles of Green Engineering and were asked to mark the principles that they believed that are already being used by his company. The results are presented in Figure 7.7 and Figure 7.8.

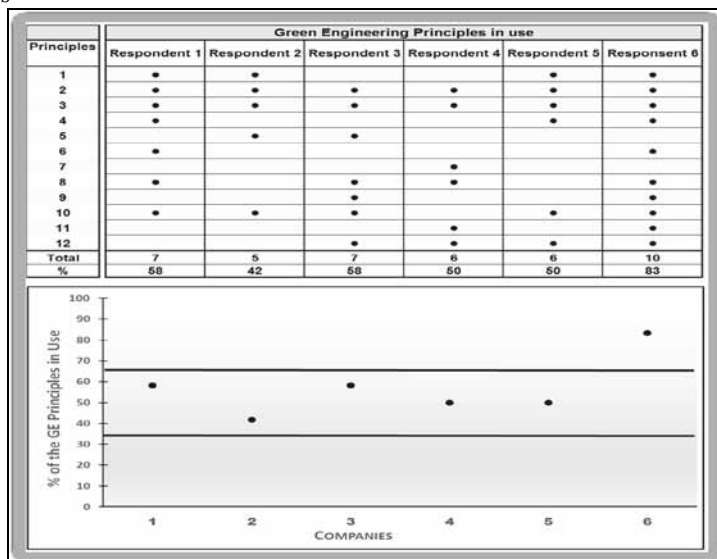


Figure 7.7- Green Chemistry principles in use in the surveyed Brazilian petrochemical companies



Source: author

Figure 7.8- Green Engineering principles in use in the surveyed Brazilian petrochemical companies



Source: author

The dots in the upper part of the figures show the principles that are in use by each of the surveyed companies. The lower part represents these numbers expressed in percentages relative to the total number of principles.

In order to classify the companies according the number of GCE principles they are using, three levels of use were conceived:

- a) 0% to 33.33%- laggards;
- b) 33.34% to 66.66%- moderate users, and
- c) 66.67% to 100%- front-runners.

The inquiry results demonstrated that none of the companies was classified a “laggard” with regard to both Green Chemistry and Green Engineering.

According to the classification scheme that was used, with regard to Green Chemistry, the results demonstrated that five out of the six interviewed companies were classified as “moderate users” and the one remaining company was classified as front-runner.

In the case of Green Engineering, five of the companies in the sample were classified as “moderate users” and one reached the class of the “front-runners”.

These results are in harmony with and corroborate the managers’ perceptions, manifested in the preceding sections, with regard to corporate sustainability, sustainable development and willingness to engage in GCE-based eco-innovation processes.

#### **7.4.2- In-depth Interviews at the Meso-Level within the State Environmental Agencies**

As noted in Section 7.3.1 of Chapter 7, according to this research’s qualitative survey results, the environmental agencies emerged as one of the most significant determinants of companies’ willingness to engage in GCE-based eco-innovation activities.

As Global Climate change and other environmental challenges become increasingly severe, it is more evident that diverse stakeholders must co-work to help societies make the transition to sustainable patterns.

In that context, environmental protection agencies (EPA) have responsibilities and opportunities, in many ways, to help societies make the transition to more sustainable behavioral patterns. They can and do work in many ways including developing and enforcing environmental legislation and through training programs to facilitate the process of change of the perceptions of the socio-economic actors with regard the (un)sustainability of their activities.

In the industrial realm, the pressures exerted by both elements have been an important catalyzing element regarding the search for technological practices that can promote more sustainable states of social, economic and environmental performance of companies’ products, processes and services.

As a starting point for the analysis of the influence of governmental EPAs in catalyzing such technological changes in the industrial domain, three areas of influence/pressure can are often used:

- Development and improvement of the environmental legislation;
- Enforcement of the environmental legislation, and
- Cooperation with stakeholders (industry) in the search for and implementation of increasingly sustainable practices.

Brazil is a vast country, which ranks fifth in the world according to area and has a population of almost two hundred million inhabitants. The country is a federated republic composed of twenty-six states and a Federal District. Each one of the states and the Federal District has its own EPA.

The petrochemical industry is not evenly distributed across the Nation. Due to the territorial dimensions of the Country, and to the spatial distribution of the petrochemical sector, these in-depth interviews with the environmental agencies were limited to cover two very important *nuclei* of the Brazilian petrochemical companies. This choice was made based on two criteria: (a) the number and density of companies, and (b) access to the respondents.

The six topics presented in Table 7.18 guided the analysis on the environmental agencies' perceptions of the role that they play in influencing and catalyzing companies, in the petrochemical sector, to adopt GCE-based technical and non-technical initiatives. Such initiatives will help to ensure that they develop and implement cleaner and more sustainable strategies, products, processes and services. The complete protocol that guided the interviews is presented in Appendix F.

*Table 7.18- Structure of the in-depth interviews conducted with managers of the Brazilian Environmental Protection Agencies*

1	<ul style="list-style-type: none"> <li>● Initiatives that have been conducted by the Environmental Agency aimed at influencing, promoting and catalyzing changes towards cleaner and more sustainable technological states in the petrochemical sector, and</li> <li>● Future planned initiatives.</li> </ul>
2	<ul style="list-style-type: none"> <li>● Perceptions on the influence exerted by the environmental agency and by future legislation, on petrochemical companies, to push them to engage in eco-innovation activities towards higher states of sustainability.</li> </ul>
3	<ul style="list-style-type: none"> <li>● Perceptions on cooperative work between the Environmental Agencies and the petrochemical companies in order to promote more effective actions regarding the search for solutions that could help companies to make expedited progress towards sustainability.</li> </ul>
4	<ul style="list-style-type: none"> <li>● Perceptions on how and on the extent to which the Environmental Agency can influence and pressure companies to adopt sustainable approaches that were proven to be successful.</li> </ul>
5	<ul style="list-style-type: none"> <li>● Perceptions on the extent to which the respondent and/or the Environmental Agency are willing to support and to promote GCE-based initiatives;</li> <li>● Perceptions on how prepared the Environmental Agency is to engage in activities aimed at influencing companies to adopt and use GCE as baseline principles in the process of meeting their environmental challenges, and</li> <li>● Perceptions on what can/will the Environmental Agency do in this regard.</li> </ul>
6	<ul style="list-style-type: none"> <li>● Perceptions on the possibility and willingness of the Environmental Agency to promote joint initiatives in cooperation with ABIQUIM and other industry representative associations to promote GCE in the Brazilian petrochemical sector.</li> </ul>

Source: author

Although the perceptions and opinions of both respondents converged in many aspects, the context, the approaches and dynamics varied from one environmental agency to another. In order to preserve the information in its original state and to provide a clear exposition of the respondents' views, such perceptions were presented separately.

**Initiatives Conducted by the Environmental Agency for Influencing, Promoting and Catalyzing Changes Towards Sustainability and Future Planned Initiatives.**

Table 7.19 presents the EPAs managers' views on the initiatives that have been conducted by their agencies for influencing, promoting and catalyzing changes towards advanced states of sustainability at the companies' level. The interviews protocol is presented in Appendix F.

*Table 7.19- Environmental agencies views on their past, current and planned future initiatives for promoting and influencing changes towards advanced states of companies' sustainability*

RESPONDENT	ENVIRONMENTAL PROTECTION AGENCIES VIEWS ON THEIR PAST, CURRENT AND PLANNED FUTURE INITIATIVES FOR PROMOTING AND INFLUENCING CHANGES TOWARDS ADVANCED STATES OF COMPANIES' SUSTAINABILITY
1	<p>The respondent stated that the State Environmental Agency has played a very important and fundamental role in the past in incentivizing and pushing the introduction and the implementation of ABIQUIM's Responsible Care Program at the State level. Those initiatives were implemented in cooperation of with the companies and with ABIQUIM.</p> <ul style="list-style-type: none"> <li>• Since the beginning of the 1990's, the EPA, besides its regulation enforcement role, it has worked closely with the petrochemical companies, in a cooperative way, to help them in their environmental planning and in the establishment of environmental objectives, priorities and deadlines.</li> <li>• These initiatives produced new approaches, routines and tools that represented real advancements with regard to companies' behavioral changes and taking responsibilities and commitments upon environmental protection and sustainability.</li> <li>• This cooperative approach created motivation on the part of the companies, which stimulated the creation of very effective discussion, <i>fora</i> with regard to planning towards implementation of more advanced environmentally sustainable states.</li> <li>• The close participation of the EPA throughout the environmental licensing process (from the identification of the environmental risks and their impacts through the establishment of deadlines for their solutions and follow-up) and the constant dialogs and negotiations, have overcome usual bureaucracy and stimulated companies to make real changes and advancements beyond compliance with the existing legislation.</li> <li>• The respondent stated that, in the Environmental Agency perspective, one possible way to influence companies and to catalyze the implementation of the GCE principles, in the petrochemical sector, is <i>via</i> negotiations and posterior incorporation of those principles into the company's operation license. Thus, they use the companies' operation licensing as a sustainability and sustainable development-planning tool.</li> <li>• In respect to the future, the respondent underscored that resuming and strengthening the cooperative approach is of extreme urgency and need, otherwise an increase in the distance between companies and the State Environmental Agency will progressively occur. Such engagement is fundamental for the Agency to help to foster, influence, catalyze and expedite behavioral and technological changes towards advanced states of sustainability.</li> </ul>
2	<p>The State Environmental Agency has historically guided its actions based on the prevention and on preventative approaches. The preventative approach has been historically based on companies' environmental licensing. On the other hand, corrective actions have been mainly supported by inspections and legislation enforcement.</p> <ul style="list-style-type: none"> <li>• In the last 20 years the pro-active approach has been given a much higher importance and, as a consequence, new and more appropriate institutions, strategies and mechanisms have been developed and implemented.</li> <li>• The EPA promotes initiatives that are based on cooperation and shared responsibilities. This is conducted <i>via</i> in-depth discussions, with the productive sector, regarding environmental issues, their challenges and their solutions. The various environmental chambers held in the Agency's domains conduct these discussions. These chambers have a permanent character, aggregate diverse stakeholders (regulators </li></ul>

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and manufacturing sectors) and promote discussions and planning activities on the diverse issues associated with the environment and sustainability.

- Due to the lack of uniformity of companies in respect to their size, technological and organizational development and resource availability, these environmental chambers are very useful as they take such elements into consideration in the discussions and in the decision-making processes regarding the companies' capability to identify and solve the environmental problems and to stimulate the sustainability culture building;

- He noted that economic and environmental aspects are the top elements in these discussions.

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Source: author

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## **Summary**

EPA's managers' reactions to this question indicated that both agencies, although keeping strong their role of legislation enforcers, they rely on cooperative initiatives with the petrochemical companies for promoting sustainability initiatives. Cooperation was reported by the interviewees as an important way to overcome bureaucracy, create trust and to help companies to move beyond legislation.

### **Perceptions on the Influence Exerted by the Environmental Agency and by Future Legislation on Companies Willingness to Engage in Eco-innovation Activities**

As noted in Section 7.3.1 in Chapter 7, the results of this research's quantitative survey indicated that the EPAs and the risk of future tighter environmental legislation represent significant determinants of companies' willingness to engage in GCE-based eco-innovation activities

The respondents were presented the results and were asked to provide their opinions about the findings and the implication of them for the EPAs' future activities.

Table 7.20 presents the EPAs managers' views on the influence exerted by their organizations and by the prospect of future tighter legislation on companies' willingness to engage in eco-innovation processes. The interviews protocol is presented in Appendix F

*Table 7.20- Views of the environmental protection agencies managers on the influence exerted by their organizations and by the prospect of future tighter legislation on companies' willingness to engage in eco-innovation processes*

<b>RESPONDENT</b>	<b>ENVIRONMENTAL PROTECTION AGENCIES' VIEWS ON THEIR INFLUENCES AND ON THE PROSPECT OF FUTURE TIGHTER LEGISLATION ON COMPANIES' WILLINGNESS TO ENGAGE IN ECO-INNOVATING PROCESSES</b>
<p><b>1</b></p> <ul style="list-style-type: none"> <li>• The respondent agreed that the EPA is an important motivational factor with respect to companies' willingness to engage in GCE-based innovation processes. He noted that this perception is actually a sample of companies' general perception regarding the role, the authority and the legislation enforcement power of the Agency.</li> <li>• Environmental Agencies also have a pro-active role. This has demonstrated to be a powerful motivational factor for companies to move towards advanced states of sustainability. This is very likely to occur whenever the EPA achieves the establishment of trust and cooperative planning regimes without abdicating their legal roles and obligations.</li> <li>• The velocity of advancements in legislation is very much slower than the actual environmental facts, challenges and needs. This pro-activity is necessary for inducing and helping companies to move beyond merely complying with existing legislation.</li> <li>• The respondent agreed that future legislation is and should always be a constant preoccupation for all companies. This argument was grounded on his experience and on the perception of the finitude of the planet's socio-environmental assets and limits to pollution. As the scarcity of such assets deepens and pollution increases and social pressures escalate, legislation must become increasingly tighter, restrictive and demanding.</li> <li>• Companies should constantly be aware of this and that this awareness represents an important determinant of companies' pro-activity with regard sustainability issues.</li> <li>• The perception of environmental risks and the prospect of future tighter legislation increase companies' awareness regarding the actual and potential socio-economic and environmental unfavorable consequences associated with the company's operation. Therefore, they will push companies to engage in initiatives that can overcome such risks and preclude unfavorable consequences.</li> </ul>	
<p><b>2</b></p> <ul style="list-style-type: none"> <li>• The respondent stated that, according to his experience, companies' concerns regarding future socio-environmental legislation have been true and constant.</li> <li>• This preoccupation has been demonstrated by companies in various discussion <i>fora</i> and involved a variety of concerns that included technical, investments, legal and related aspects.</li> <li>• He strongly agreed with the research's finding regarding the importance and the power of the environmental agencies to induce changes. He illustrated that argument by stating that many technological and procedural changes in petrochemical companies have only taken place, in his State, through strong demands and pressures exerted by the EPA.</li> <li>• The EPA represented an important determinant of GCE-based eco-innovation processes, at the company level, because of two factors: <ul style="list-style-type: none"> <li>(a) the Agencies' legal power and obligations to promote the environmental protection of societies via the legislation enforcement, and</li> <li>(b) the Agencies' current knowledge capabilities and their capacity to promote changes through dialogue and planning.</li> </ul> </li> </ul>	

Source: author



## Summary

According to the reactions of the two EPA respondents, both strongly agreed with this thesis research's finding about the influence of the environmental agencies and the risk of future more stringent legislation on companies' willingness to engage in GCE-based eco-innovation processes. Although they expressed it in different forms, both respondents reported that such perception was based fundamentally on the EPAs' legal power to enforce legislation and on their ability to dialogue, to influence and to work in cooperation with the companies.

With respect to the perceptions of the petrochemical companies' managers regarding the risk of more stringent future legislation, both respondents expressed their agreements with the thesis research findings.

They supported their opinion by stating that companies constantly demonstrate such preoccupations in the discussion *fora*. In addition to that, respondent one reported that, in his view, companies are aware that the combination of increasing pollution levels, resource scarcity and social pressures will inexorably lead to tighter legislation.

### **Perceptions of the Possibilities of Cooperation between the Environmental Protection Agencies and the Petrochemical Companies for Promoting Expedited Progress Towards Sustainability**

The relations between the EPA and the petrochemical companies in Brazil have greatly evolved in the last three decades. From the command and control times, such relations have undergone learning processes that generated substantial changes and advances on how the EPA and industry could reconcile companies' and the broad societal sustainability interests in more effective ways.

Cooperation emerged from this processes as one very important mechanism for generating advancements towards companies' sustainability. Such importance was testified by the EPA managers' views expressed in the preceding questions of this section (Section 7.4.2). In these responses, the importance of cooperation work was repeatedly mentioned and was associated to different circumstances.

This section is intended to elicit the respondents' views with regard the strengthening of these cooperative relations. Respondents were questioned on how they believed that the environmental agencies should or could promote more effective cooperative actions regarding the search for solutions that could help companies to make more rapid progress toward sustainability.

The reactions to this questioning were presented in Table 7.21. The interview protocol is presented in Appendix F.

*Table 7.21- Managers' perceptions of the possibilities of cooperation between the Environmental Protection Agencies and the petrochemical companies for promoting expedited progress towards sustainability*

RESPONDENT	Environmental Protection Agency Managers' Perceptions the possibilities of Cooperation Between their organizations and the Petrochemical Companies for Promoting Expedited Progress Towards Sustainability
1	<p>In order to improve the quality of the discussions with the petrochemical companies, the EPA should improve and enlarge its knowledge on advances in scientific understanding and techniques related to GCE-based cleaner production. This will effectively facilitate the negotiations and planning with regard to companies' environmental objectives and performance.</p> <p>This could be helpful for the establishment of achievable environmental objectives and for setting feasible deadlines. <i>Via</i> the choice of the most appropriate and advanced technologies. That approach was successful in the past.</p> <p>That approach is not limited to promoting discussions over established and available technologies, it also includes approaches, guidelines and frameworks (such as GCE) that can induce and help companies to search for and research more sustainable technologies.</p> <ul style="list-style-type: none"> <li>o These initiatives can be supported by a series of legal tools such as the use of the legal mechanisms associated with companies' operating licensing process: For instance:</li> <li>o The establishment of the time validity of companies' operating license as a function of the introduction of new and cleaner technologies for companies' specific socio-environmental problems,</li> <li>o The location of industrial plants as a function of the technologies they use and the socio-environmental risk they bear,</li> <li>o Providing economic and non-economic incentives for the introduction of such technologies.</li> </ul> <p>He emphasized that close follow-up and auditing are fundamental and mandatory for such processes to evolve and be successful.</p> <ul style="list-style-type: none"> <li>• The respondent stated that, although the EPA is required by law to enforce legislation, in his opinion, cooperation and joint environmental planning are basic requisites for expediting the petrochemical companies' advancements towards more environmental sustainable states;</li> <li>• These efforts should be conducted consistently and regularly. Thereby, problems and solutions can be detected and discussed in an effective manner with the more efficient use of human resources.</li> <li>• He mentioned that that approach has enabled the implementation cleaner production approaches by a number of petrochemical companies in the State. Such initiatives involved all important stakeholders in the discussion process, which provided solutions that turned out to fulfill environmental requisites and standards in ways that went beyond legislation and provided solutions that covered points that sometimes were not covered by the environmental legislation;</li> <li>• He noted that this approach is very useful due to the heterogeneity of behavior of different companies. Companies in which socio-environmental responsibility is more consolidated have been demonstrated to be more proactive.</li> </ul>

- Cooperation between environmental agencies and the industry, although not yet perfect, has evolved along the past decades. Currently, such interactions have been implemented through discussion *fora* such as the environmental chambers, which are hosted by the EPA.
- This process tends to progress and to evolve provided that the agency implements long-term policies, which support these initiatives. Such policies will ensure that their initiatives endure and that they are immune to changes in management styles of successive EPA's administrations.
- These initiatives were possible due a behavioral change on the part of the EPA, which increasingly embraced cooperation as an efficient and effective approach to promote environmental protection and sustainability. He also emphasized that such posture does not preclude the agency to perform its legal obligations of legislation enforcement.

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Source: author

## Summary

The cooperative posture on the part of the EPAs has been possible due behavioral changes that evolved in the last two decades. The EPA progressively embraced cooperation as an efficient and effective approach to promote environmental protection and sustainability. This posture did not preclude the agency from performing its legal obligations of legislation enforcement.

Although respondents cited different initiatives for their respective contexts, three common findings are highlighted:

- a) Due to the existence of a consolidated cooperation culture as well as previous cases of success, implementation of these initiatives is entirely possible;
- b) Implementation is effectively facilitated by the existing institutional procedures and by the fluid environmental agency/companies relations structure, and
- c) There is a need for the agencies to implement long-term policies supporting these initiatives.

## **Perceptions on the Environmental Agency's Power to Influence, Pressure and Stimulate Companies to adopt more Sustainable Approaches for their Products, Processes and Services**

This section presents the views of the EPA managers regarding the perceived power of their organizations to influence, to pressure and to stimulate petrochemical companies to adopt more sustainable approaches regarding their operations (Table 7.22). The interview protocol was presented in Appendix F.

*Table 7.22- Perceptions of the Environmental Protection Agency managers' of the power of their organization to Influence, to pressure and to stimulate petrochemical companies to adopt more sustainable approaches for their products, processes and services*

RESPONDENT	PERCEPTIONS OF THE ENVIRONMENTAL PROTECTION AGENCY MANAGERS' OF THE ORGANIZATION'S POWER TO INFLUENCE, TO PRESSURE AND TO STIMULATE PETROCHEMICAL COMPANIES TOWARDS SUSTAINABILITY
1	<ul style="list-style-type: none"> <li>● The respondent emphasized that in addition to its extremely important role and obligations for enforcing legislation, it also has the equally important mission of pushing and incentivizing companies to move towards more sustainable states at the fastest possible pace.</li> <li>● The EPA should work together and influence other governmental bodies to develop policies that support these initiatives.</li> <li>● This support can be achieved via economic and fiscal <i>stimuli</i> for the implementation of eco-innovation processes at the company level aimed at the development or acquisition of cleaner and more sustainable solutions for the companies' products and processes.</li> <li>● This is likely to facilitate and incentivize companies' decision-making towards investments that are economically and socio-environmentally more sustainable.</li> </ul>
2	<ul style="list-style-type: none"> <li>● In general, the EPA does not establish the kind of technologies that should be used to reduce or preclude environmental contamination and resources depletion. The EPA promotes discussions on the available technologies or control strategies and defends the ones it considers the most appropriate.</li> <li>● He illustrated his argument with real world examples regarding, solid wastes, manufacturing processes, air pollution sources, solid waste incinerators etc.</li> <li>● According to the respondent, the environmental licensing process is a very effective tool to influence and pressure companies to adopt cleaner and more sustainable approaches for its processes.</li> </ul>

Source: author

## **Summary**

The reactions to this question complemented and reinforced the ones in previous sections. The EPAs rely on legal and cooperation tools and dynamics to influence and push companies to implement cleaner solutions for their products, processes and services. Moving beyond compliance with the legislation is their usual objective.

### **Perceptions of the Environmental Protection Agencies' and their Managers' Willingness and Preparedness to Support and Promote the Implementation of GCE-Based Initiatives**

This section presents the views of the EPA's managers regarding their organization's and their own willingness and preparedness to support and promote GCE and GCE-based initiatives that help to meet companies' environmental challenges. In parallel, they were asked to provide their impressions on how this can or will be done.

Table 7.23 presents a synthesis of the EPA's managers' reactions to these questions. The interview protocol was presented in Appendix F.

*Table 7.23- Perceptions of the Environmental Protection Agencies' and their managers' willingness and preparedness to support and promote the implementation of GCE-based initiatives*

RESPONDENT	PERCEPTIONS OF THE ENVIRONMENTAL PROTECTION AGENCIES' AND THEIR MANAGERS' WILLINGNESS AND PREPAREDNESS TO SUPPORT AND PROMOTE GCE-BASED INITIATIVES
1	<ul style="list-style-type: none"> <li>• According the respondent, he and the Agency are fully in accordance with and supportive of the GCE frameworks.</li> <li>• Although the Agency is prepared to support and promote GCE-based initiatives, he believed that, in order to CGE-related concepts to be introduced, accepted and implemented in the petrochemical sector, it is very important and necessary that there is the support of a powerful aggregative agent, to which the petrochemical companies are associated. In his opinion ABIQUIM and local industry representative associations are the perfect partners to help to achieve that objective..</li> <li>• That partner should be responsible for presenting the GCE concepts to the companies in the sector and for promoting initiatives for incentivizing and supporting their dissemination and implementation.</li> <li>• The respondent argued that he sees ABIQUIM's Responsible Care Program as a fundamental initiative in the promotion of advancements, in the petrochemical sector, towards more sustainable states. He added that it could also stimulate companies to move beyond compliance with existing legislation.</li> <li>• In addition to emphasizing the role of the EPA and of ABIQUIM, the participation of the local petrochemical sector's representative associations is important in agreeing and promoting an agreement to introduce the GCE concepts as baseline guidelines in companies' operating license issued by the EPA.</li> <li>• This initiative should be based on cooperation and dialogue and never be mandatory in nature especially because they are not currently supported by legislation.</li> <li>• He believed that such cooperative initiatives could generate much better and more effective results then trying to introduce subjective concepts in the form of laws. He called attention to the fact that, although subjective elements cannot be introduced into legislation, provisions for the support to such cooperative approaches and for the use of sustainability frameworks should be introduced into the legislation.</li> </ul>
2	<ul style="list-style-type: none"> <li>• The respondent was fully supportive of such initiatives. He also believed that the great majority of the agency personnel are likely to be in favor of the introduction of such newer and more sustainable approaches to the development of products, processes and services.</li> <li>• He stated that the environmental chambers are the best and very appropriate <i>fora</i> for the promotion, incentivizing and catalyzing the adoption and the implementation of GCE-based innovation processes by the petrochemical companies at the state level.</li> </ul>

Source: author

## **Summary**

Both interviewed, EPA managers stated that they and their organizations are fully supportive to the GCE frameworks and to the implementation of GCE-based initiatives.

As in the previous section, the EPAs rely on legal and voluntary tools and dynamics to influence and push companies to implement cleaner solutions for their products, processes and services. It is important to call attention to the importance that was given by respondent one to the cooperation and contribution of ABIQUIM and of the local industry representative organizations in the GCE implementation processes.

### **Perceptions of the Willingness of the Environmental Protection Agency to Promote Cooperation Initiatives with ABIQUIM to Influence and Stimulate GCE in the Petrochemical Sector**

This section presents the views of the EPA's managers regarding their organization's willingness to promote cooperation initiatives with ABIQUIM aimed at influencing and stimulating GCE in the petrochemical sector. Table 7.24 presents a synthesis of the EPA's managers' reactions to this question. The interview protocol was presented in Appendix F.



*Table 7.24- Perceptions of the willingness of the Environmental Protection Agency to promote cooperation initiatives with ABIQUIM to influence and stimulate GCE in the petrochemical sector*

RESPONDENT	PERCEPTIONS OF THE WILLINGNESS OF THE ENVIRONMENTAL PROTECTION AGENCY TO PROMOTE COOPERATION WITH ABIQUIM TO INFLUENCE AND STIMULATE GCE IN THE PETROCHEMICAL SECTOR
1	<ul style="list-style-type: none"> <li>• The respondent argued that he sees full willingness of the State Environmental Agency to work in cooperation with ABIQUIM and with local chemical industry associations to promote and plan for the implementation of GCE as viable baseline frameworks towards technological change, aimed at conducting the sector to more advanced states of sustainability (social, economic and environmental).</li> <li>• Cooperation initiatives with these agents and with the companies were conducted in the past. Such initiatives generated very good outcomes. The implementation of ABIQUIM's Responsible Care Program in the petrochemical sector at the State level<sup>107</sup> can be cited as an actual example.</li> </ul>
2	<ul style="list-style-type: none"> <li>• The EPA has historically worked with ABIQUIM in many initiatives. The State EPA is hierarchically linked to the State's Secretariat for the Environment, which maintains an open and permanent channel of communication with ABIQUIM.</li> <li>• There is a great organizational and institutional interaction and a high level of dialogue between the EPA and ABIQUIM. This allows for cooperation, on a wide range initiatives. He interpreted that relationship as very symbiotic.</li> <li>• These relations will definitely facilitate cooperation between the EPA and ABIQUIM in promoting and incentivizing GCE-based eco-innovation in the petrochemical sector at the State level.</li> </ul>

Source: author

<sup>107</sup> This is valid for one specific State in Brazil, which is associated with the respondent's jurisdiction.

## Summary

According to both respondents, joint GCE promotional initiatives conducted by the EPAs, ABIQUIM and other petrochemical industry representative organization are entirely feasible as these agents have a sound history of close cooperation and have efficient and operative communication channels.

### 8.4.3- In-depth Interviews at the Meso-Level within the Brazilian Chemical Industry Association (ABIQUIM)

As noted in Section 7.3.1 in Chapter 7, in the context of this thesis research, the pressures exerted by the chemical and petrochemical industry trade association (ABIQUIM) emerged as one of the most significant determinants of companies' willingness to engage in GCE-based eco-innovation activities. In addition, the in-depth interviews within the Brazilian petrochemical companies and within the Environmental Protection Agencies corroborated this view (cf. Sections 7.4.1 and 7.4.2)

In modern industrial societies, as environmental challenges become increasingly severe, it is more evident that many stakeholders must co-work to help societies to make the transition to sustainable patterns.

In that context, ABIQUIM has many responsibilities and opportunities, to help the chemical and petrochemical sectors make the transition to more sustainable behavioral patterns.

ABIQUIM can work in many ways including developing and supporting initiatives to facilitate the process of change of the awareness, perceptions and actions of the socio-economic actors with regard the (un) sustainability of their activities.

Such efforts have been important in catalyzing initiatives designed to encourage the search for technological practices that promote more sustainable states of social, economic and environmental performance of the Brazilian petrochemical companies' products, processes and services.

This is attested to by ABIQUIM's public commitment to the Brazilian chemical industry's competitiveness and sustainable development as it is proclaimed in its official Mission and Vision statements. That commitment has been effective *via* ABIQUIM's various sectoral and thematic commissions, which aim at the search for continuous improvements by the chemicals manufacturing companies in the Brazilian economy within standards that are accepted by the communities, environmental organizations and by the public sector.

It represents the Brazilian chemical and petrochemical sector in the international negotiations and agreements and it is a member of the *Mercosur*.<sup>108</sup> *Chemical Industry*

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<sup>108</sup> Mercosur or Mercosul (Southern Common Market) is an economic and political agreement among Argentina, Brazil, Paraguay, Uruguay, and Venezuela; with Bolivia becoming an accessing member on 7 December 2012 to be ratified by the Member State's legislatures. Its purpose is to promote free trade and the fluid movement of goods, people, and currency. (source: <http://en.wikipedia.org/wiki/Mercosur>)

Council (CIQUIM), and of the *International Council of the Chemical Associations* (ICCA).

This was exemplified by ABIQUIM’s Responsible Care Program (RCP) whose implementation and maintenance is under the responsibility of leadership commissions represented by the ABIQUIM’s member organizations. The RCP has helped the participating companies to make contributions to the sector on its move to more sustainable states.

The six topics presented in Table 7.25 guided the analysis on ABIQUIM’S perceptions of the role that it plays in influencing and catalyzing companies, in the petrochemical sector, to adopt technical and non-technical initiatives. Those initiatives will help to ensure that they develop and implement cleaner and more sustainable products, processes and services.

The complete protocol that guided the interviews and the answers provided by the respondent was presented in Appendix F.

*Table 7.25- Structure of the in-depth interviews conducted with the Brazilian Chemical Industry Association (ABIQUIM)*

1	<ul style="list-style-type: none"> <li>• Initiatives that have been conducted by the Environmental Agency aimed at influencing, promoting and catalyzing changes towards cleaner and more sustainable technological states in the petrochemical sector, and</li> <li>• Future planned initiatives.</li> </ul>
2	<ul style="list-style-type: none"> <li>• Perceptions on the influence exerted by the environmental agency and by future legislation, on petrochemical companies, to push them to engage in eco-innovation activities towards higher states of sustainability.</li> </ul>
3	<ul style="list-style-type: none"> <li>• Perceptions on cooperative work between the Environmental Agencies and the petrochemical companies in order to promote more effective actions regarding the search for solutions that could help companies to make expedited progress towards sustainability.</li> </ul>
4	<ul style="list-style-type: none"> <li>• Perceptions on how and on the extent to which the Environmental Agency can influence and pressure companies to adopt sustainable approaches that were proven to be successful.</li> </ul>
5	<ul style="list-style-type: none"> <li>• Perceptions on the extent to which the respondent and/or the Environmental Agency are willing to support and to promote GCE-based initiatives;</li> <li>• Perceptions on how prepared the Environmental Agency is to engage in activities aimed at influencing companies to adopt and use GCE as baseline principles in the process of meeting their environmental challenges, and</li> <li>• Perceptions on what can/will the Environmental Agency do in this regard.</li> </ul>
6	<ul style="list-style-type: none"> <li>• Perceptions on the possibility and willingness of the Environmental Agency to promote joint initiatives in cooperation with ABIQUIM and other industry representative associations to promote GCE in the Brazilian petrochemical sector.</li> </ul>

Source: author

The questions pertaining to the following sections guided the analysis on ABIQUIM’S roles and responsibilities regarding its potential to influence and catalyze technical and non-technical initiatives that can ensure the development and implementation of GCE-based cleaner and more sustainable technologies for the Brazilian petrochemical companies’ products, processes and services.

The results of this analysis are presented in Table 7.26 through Table 7.31.

Table 7.26- ABIQUIM's initiatives to influence and catalyze GCE-based activities regarding the adoption of technical and non-technical initiatives towards advanced states of sustainability

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**ABIQUIM'S INITIATIVES TO INFLUENCE AND CATALYZE GCE-BASED ACTIVITIES REGARDING THE ADOPTION OF TECHNICAL AND NON-TECHNICAL INITIATIVES TOWARDS ADVANCED STATES OF SUSTAINABILITY.**

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- ABIQUIM's interactions with its associates are conducted via its sectoral and thematic commissions. These commissions were formed by ABIQUIM's associated companies' representatives and by other invited stakeholders.
- In these *fora*, problems are discussed, diagnoses are made, solutions are proposed and planning is done for solving such problems (such as future environmental legislation and agreements, sustainability trends and demands of markets, environmentally-based barriers for products etc.). In addition, strategies and plans are discussed for making advancements with regard to common objectives of the chemical and petrochemical sectors.
- ABIQUIM's actions are planned and conducted based on the outcomes of the discussions that are conducted in regard to its domains.
- As a result of such initiatives, ABIQUIM has placed a strong focus on capabilities and culture building. This was implemented via a large number of seminars and courses that are hosted by ABIQUIM, which are related to all areas that comprise the RCP.
- As the RCP is fully committed to S and SD as well as to related issues.
- These initiatives and mechanisms greatly help to solidify, in the petrochemical domain, the sense of the importance of S and SD in the companies' environmental and socio-economic relations. As a consequence, such initiatives represent an important aid in diminishing the differences among companies' perceptions on SD and the consequent levels of advancement towards S.
- ABIQUIM is consistently and regularly in contact with national and international organizations in order to capture new information, demands and trends that can be used in its strategic planning as well to provide *stimuli* and support for companies in their initiatives aimed at their socio-economic and environmental continuous improvement.
- ABIQUIM supports a series of initiatives aimed at promoting advanced states of sustainability of the sector such as:
  - Aiding the structuring of the Brazilian School of Green Chemistry and the Brazilian Green Chemistry Network;
  - Conducting cooperative initiatives with EMBRAPA-Agroenergia Bioenergy for the development of a renewables-based chemical processes;
  - Supporting national and foreign governments and private companies representatives that are interested in investing or expanding their research investments in renewables-based chemical processes.
- In terms of initiatives that are envisioned for the near future, ABIQUIM intends to make mandatory for its members, as is the case with the RCP, the implementation of the Global Product Strategy Program (GPS)<sup>109</sup> initiative. The GPS was originally developed and hosted by the International Council of Chemical Association (ICCA), which established a framework to be globally applied with regard to chemical products' management throughout their life cycles.
- According to the respondent, the GCE frameworks can be integrated as a baseline to and are in harmony with the GPS principles.

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**Summary**

In this section, the respondent demonstrated that ABIQUIM is fully committed with the sector's sustainability and with the promotion of SD. It's

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<sup>109</sup> The GPS is a chemical industry worldwide initiative, which advocates a combination of regulations and voluntary programs to harmonize the global level of product safety assessment

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initiatives are consistent and are a part of an ongoing process of continuous improvement that involves cooperation initiatives that involve all important stakeholders.

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Source: author

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*Table 7.27- Perceptions about the usefulness and contributions of this research's findings for the engagement of companies in GCE-based initiatives: the important catalyzing agents and the possible means*

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**PERCEPTIONS ON THE USEFULNESS AND CONTRIBUTIONS OF THIS RESEARCH'S FINDINGS FOR THE ENGAGEMENT OF COMPANIES IN GCE-BASED INITIATIVES: WHO SHOULD CATALYZE THOSE ACTIONS? HOW?**

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- Because this thesis research's results reflect the perceptions and practices of the companies regarding GCE, they are also useful at the sector level (represented by ABIQUIM).
- Since these findings may not be structured at the company level, once they are compiled, organized and structured, they will provide the responsible agents that are responsible for the development of the sector with a baseline from which planning for new initiatives towards GCE-based eco-innovation can be conducted.
- This will help to improve the communication channels with the broad society and with the government and help to enhance the level of trust regarding the socio-environmental responsibility of the sector. This is likely to strengthen current partnerships and to facilitate the occurrence of new associations and projects.
- The introduction and the promotion of GCE should be, at its basic level, conducted at schools and at the universities in order to exercise citizenship and create a strong basic culture and behavior in respect to sustainable products, processes and services.
- Many agents can play very important roles in promoting eco-innovation and GCE. As examples she mentioned that the NGOs awareness raising and pressuring elements are important. Additionally, the government can be an important incentivizing element, and the media can function in investigating and divulging information and in bringing pressure for change toward more sustainable approaches in industry.
- In the respondent's view, GCE-related initiatives should be promoted and catalyzed by the trade association (ABIQUIM) in cooperation with all important stakeholders.

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**Summary**

The respondent's reactions to the question attested to the importance and the usefulness of this thesis research for the promotion and the implementation of GCE in the Brazilian petrochemical sector. They highlighted the importance that such initiatives should be conducted at the sector level, by ABIQUIM in cooperation with initiatives with other important stakeholders. That view corroborated the perceptions of the petrochemical companies' managers and of the environmental agencies respondents that were presented in previous sections.

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Source: author

*Table 7.28- Perceptions about the contributions of the findings of this thesis research to ABIQUIM's initiatives towards a more sustainable Brazilian petrochemical industry*

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**PERCEPTIONS ON THE CONTRIBUTIONS OF THIS THESIS RESEARCH'S FINDINGS TO ABIQUIM'S INITIATIVES TOWARDS A MORE SUSTAINABLE BRAZILIAN PETROCHEMICAL INDUSTRY**

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- The fact that the findings were presented in an organized, structured and contextualized form provided ABIQUIM with a good, systemic view of the (behavioral) determinants of GCE-based eco-innovation processes and their interrelations. This allowed ABIQUIM to start its projects and initiatives, from a clearer and defined baseline.
- In terms of initiatives towards a more sustainable chemical enterprise, the respondent reported that ABIQUIM's main purpose is to exert influence. This is conducted through education and training as well as in conducting a great variety of cooperative programs directed to ABIQUIM's affiliates in association with external private and governmental stakeholders. The findings of this research can provide rich content base upon which these initiatives can be formulated, developed and implemented.

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**Summary**

According to the respondent, the findings of this research provides a useful information base on which ABIQUIM can develop technical and non-technical initiatives towards more sustainable Brazilian petrochemical enterprises.

Source: author

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*Table 7.29- Perceptions about ABIQUIM's willingness to support and to promote the implementation of GCE: ABIQUIM's preparedness, importance of the Responsible Care Program, and stakeholders participation*

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**Perceptions on ABIQUIM's Willingness to Support and to Promote the Implementation of GCE: ABIQUIM's Preparedness, Importance of the Responsible Care Program, and Stakeholders Participation**

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- ABIQUIM is fully supportive to GCE and it is prepared to engage in actions aimed at promoting GCE and eco-innovation in the Brazilian petrochemical sector.
- ABIQUIM's RCP represents its overarching initiative that supports all initiatives regarding sustainability and sustainable development initiatives.
- The RCP is the best and is the key instrument to harbor and to promote the full spectrum of GCE principles and practices (some of the GCE principles and GCE-based eco-innovation approaches are already being promoted by ABIQUIM).
- The introduction and the implementation of the GCE principles requires maturity of the different agents with regard not only to GCE but also with regard to their relations to the environmental and the socio-economic relations associated to the companies' operations. ABIQUIM's influence contributes largely to help to increase such maturity and to help to promote the equalization of the different states of sustainability of companies within the sector. Once the desired level of maturity is achieved, it will be possible for ABIQUIM to institutionalize GCE as the sector's baseline for the development of cleaner and more sustainable products, processes and services.
- ABIQUIM has developed initiatives to obtain governmental support for Green Chemistry (GC) and to engage in GC initiatives. Emphasis has been placed in making clear that GC is not limited to renewables-based chemicals but that they go much beyond it.

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**Summary**

The respondent reactions to this question demonstrated that ABIQUIM is willing and is fully supportive to promote the implementation of GCE-based initiatives in the Brazilian petrochemical sector. It is already engaged in enhancing the maturity of the sector with regard companies' relations to GCE and to the environmental and the socio-economic relations associated to the companies' operation.

ABIQUIM's view on the RCP corroborated the ones reported by companies' and EPA's managers (cf. Sections 7.4.1 and 7.4.2. of Chapter 7). According to them, the RCP is the best and is the key instrument to harbor and to promote the full spectrum of GCE principles and practices and GCE-based eco-innovation.

Source: author

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*Table 7.30- Perceptions about ABIQUIM's willingness to engage in cooperation initiatives with environmental protection agencies and other governmental and non-governmental organizations to promote GCE in the Brazilian petrochemical sector*

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**PERCEPTIONS ABOUT ABIQUIM'S WILLINGNESS TO ENGAGE IN COOPERATION INITIATIVES WITH ENVIRONMENTAL PROTECTION AGENCIES AND OTHER GOVERNMENTAL AND NON-GOVERNMENTAL ORGANIZATIONS TO PROMOTE GCE IN THE BRAZILIAN PETROCHEMICAL SECTOR**

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- ABIQUIM has open and active channels of cooperation and communication with governmental organizations at Federal, State and Municipal levels.
- ABIQUIM is respected and accepted by governmental environmental and non-environmental organizations (e.g. Ministry of the Environment, State Secretariat for the Environment, State Environmental Agencies, Municipal Environmental Organizations etc.) as the official representative association of the Brazilian Chemical and petrochemical industry; therefore, the appropriate formal and informal cooperation and partnership consultations and initiatives have been consistently implemented.

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**Summary**

ABIQUIM is the official representative association of the Brazilian chemical and petrochemical industry. It has open channels of communication with the Environmental Protection Agencies and other important governmental and non-governmental organizations across the country. It has open channels of communication and cooperation with those organizations and the engagement of cooperation initiatives to promote, disseminate and implement GCE in the Brazilian petrochemical sector is fully feasible.

Source: author

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*Table 7.31- Perceptions about the extent to which the findings of this research and the frameworks of GCE can be helpful and can contribute to the innovation and sustainability-related objectives of the National Pact of the Brazilian Chemical Industry*

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**PERCEPTIONS ABOUT THE CONTRIBUTION OF THE FINDINGS OF THIS RESEARCH AND OF GCE FRAMEWORKS TO THE INNOVATION AND SUSTAINABILITY-RELATED OBJECTIVES OF THE NATIONAL PACT OF THE BRAZILIAN CHEMICAL INDUSTRY**<sup>110</sup>

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- According to the respondent, GCE and this thesis research's results can positively contribute to the Pact.
- Changes have occurred throughout the world, in the last few years, after the onset of the Pact. Such changes directly and indirectly affected the interests and operations of the Brazilian chemical and petrochemical sectors. Therefore, a review of the Pact will be needed. The results of this research can contribute to the development of such a comprehensive review.

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**Summary**

This thesis and its results match the contents and objectives of the National Pact of the Brazilian Chemical Industry. The findings of the study can positively contribute to the development of sustainability initiatives associated with the Pact.

The thesis findings can contribute to the upcoming review of the Pact, which was originally issued in 2010.

Source: author

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<sup>110</sup> According to the Pact, the chemical industry agrees to:

- Keep developing high standards of conduct and promoting sustainability;
- Encourage Brazil's economic growth and long-term economic sustainability through investments;
- Develop technologies, and innovate with advanced products and solutions;
- Raise standards for management, tax responsibility and productivity improvement;
- Continuously promote the qualification of chemical industry professionals, and
- Contribute to developing human resources in related sectors.

## 7.5 Suggestions for Eco-Innovation Policies

### 7.5.1 The Importance of Adequate Policies in Eco-Innovation Processes

This thesis research was designed to contribute to the promotion of GCE-based eco-innovative technological changes in the Brazilian petrochemical sector. Such contribution builds upon the identification of favorable conditions upon which companies' willingness to engage in such processes can be developed.

As noted in Chapter 3, innovations do not emerge and evolve unexpectedly. Firms deliberately innovate through complex dynamic processes that involve a series of interrelated, interdependent environmental and socio-economic variables and agents (individuals and organizations) relationships (Edquist, 2005).

This research's primary interest resides in the study of the behavioral aspects of eco-innovation processes. In this respect, its core interest was the study of behavioral determinants associated with GCE-based technological change.

According to its underlying theoretical foundations, the occurrence of technological change is contingent on changes in the perceptions and beliefs of the key agents in respect to the environmental and socio-economic variables that ultimately determine the behavior (cf. Chapter 3).

Regardless of the trajectory that such processes may take, the human element occupies a central position. In fact, according to the theoretical approach adopted in this study, the occurrence of these processes is largely dependent on the existence of behavioral intention (willingness) of the key actors to eco-innovate.

Processes of technological changes through innovation are complex. They require careful elaboration and need to be supported by properly designed policies and strategies that can maximize the likelihood of companies' engagement in eco-innovation processes.

In the context of this thesis research, properly designed policies are understood as those that address the origins of the problems as opposed to the others that focus on their symptoms. According to Montalvo Corral (2002: 1), "at the core of most environmental problems lies a conflict between individual interests in the short term, with long term social interests". A properly designed policy to promote such reconciliation, in the field of environmental preservation, requires the inclusion of the determinants of the environmental behavior in companies (*ibid*).

In order to identify the determinants and the preconditions that generate companies' intention (willingness) to engage deliberately in GCE-based eco-innovation, a framework was developed. It was conceived to identify, explore, differentiate and assess a set of structural relationships among determinants and their influence on the environmental planned behavior of the firms (cf. Chapter 5).

The identification and the use of the most favorable pre-conditions and determinants of willingness in the development of policy by governmental organizations, by the petrochemical sector representatives and by petrochemical company shifts the focus of the policies from a general to a specific approach. Such specificity is expected to help to

produce properly designed policies that are more precise as they act on the “leverage points” for the willingness enhancement. Consequently, they theoretically maximize the chances of success in encouraging companies to engage in GCE-based eco-innovation processes.

“An accurate identification and weighting of the factors that account for the resistance or willingness to change would allow policies to be formulated that prioritize the encouragement of behavioral change on a collaborative basis over and above regulation” (Montalvo Corral, 2002: 8)

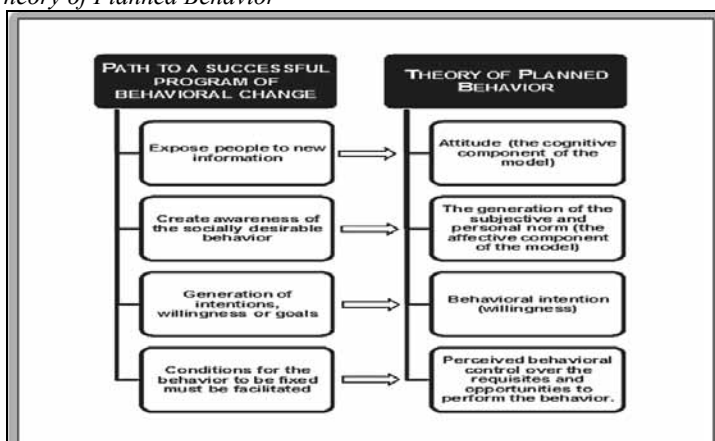
Although an in depth study of environmental and innovation policy development is out of the scope of this thesis research, the identification of these contextual “leverage points” allowed for the elaboration of suggestions, or guidance, based on which these policies and strategies can be developed by the aforementioned agents. These recommendations can be used in their entirety or segmented according to the users’ objectives.

### 7.5.2 From Beliefs to Design of Policies: Suggestions from the Empirical Evidence

The suggestions for policy design proposed in this thesis research follow the *path to a successful program of behavioral change* for a specific target group. That path is commonly agreed upon in the literature of social psychology (*ibid*) and has been compiled by Montalvo Corral.

The preference for the utilization of that approach resides on the facility of the incorporation of the TPB into the steps that compose the *path*. That characteristic facilitated the translation of the results of this thesis research, relative to the behavioral, normative and control beliefs, from a theoretical state into objective and practical policy recommendations. Figure 7.9 presented this correspondence in a pictorial form.

Figure 7.9- The correspondence of the path to a successful program of behavioral change with the Theory of Planned Behavior



Source: adapted from Montalvo Corral (2002)

The sequence presented in Figure 7.9 was used to organize and to present policy suggestions in an orderly fashion that is in harmony with the theoretical grounds that supported this thesis research.

The suggestions for policy development proposed in this section were based on the results from the statistical analyses, upon this thesis author's insights from the face-to-face interviews and from his work experiences in the industry during the last twenty-five years. They were designed to be utilized in the Brazilian petrochemical realm at both the micro (companies) and meso (the sector) levels as well as in the governmental domain.

### **Policy Suggestions for the Facilitation of Innovative Behavior and for Promoting Companies' Engagement in GCE-based Eco-Innovation Processes**

#### **Step 1: Expose People to New Environmental Information**

Following the *path to a successful program of behavioral change*, the first suggestion was derived from the TPB's attitudinal realm.

As noted in Chapter 6, the statistical analyses showed that managers perceived that the environmental risks associated with the operations of their companies were low. In addition, the statistics indicated that there was a negative correlation of the perception of environmental risks with business opportunities and with the economic risks associated to innovation (cf. Appendix D).

This perception of low risks was likely to decrease managers' sense of necessity in respect to the adoption of cleaner and more sustainable products, processes and services. In addition, it also makes it difficult to identify the actual sources and the root causes of environmental problems and challenges.

It is this thesis researcher's belief that the failure in identifying the technological origins of firms' environmental risks may impede the company from identifying basic needs towards advanced states of sustainability. It may preclude the firms from detecting the need for innovating and making more appropriate choices regarding the innovative technological paradigms, regimes and trajectories and solutions that are required to take the corporation to advanced states of sustainability in more efficient and expedite ways.

The consciousness of the need for innovating is likely to create awareness regarding the economic barriers and business drivers associated with GCE-based innovation processes. It can also develop companies' sense of anticipation that can eventually counteract the negative impacts, diminish the economic risks and take advantage of the market opportunities associated with such processes (cf. Section 7.3.1 of Chapter 7).

Figure 1.2 in Chapter 1 provided a contextualization and visualization of those arguments. It depicted the circular and causal relationships between the production processes and the environmental and socio-economic domains. These relationships demonstrated how the production processes affect the biosphere's diverse capitals (environmental, human, social, organizational, manufactured), environmental services, investments, and ultimately the creation of welfare and utility in societies,

Based on these arguments, it was suggested that education-oriented policies are necessary and should be developed. These policies are expected to support and promote educational initiatives that develop in individuals the sense of safe and risky operations (cf. Section 7.3.1 of Chapter 7). In parallel, they should educate individuals with regard the environmental risks that their companies generate throughout the entire life cycle of its products, processes and services.

It is important to stress that such educational initiatives must focus on the origins of the environmental, health and safety problems. That is, they must address problems by making the proper associations of the risks and hazards (toxicity, explosion risks, process parameters etc.), of products and processes, with their conception and design. This would make the differences clear between a “design-related” safe and risky operations. The “design-related” safer the operations are, the fewer risk control measures will be required.

Such educational efforts should identify the links and the consequences of these environmental risks and impacts with the environmental and socio-economic space within which the company operates. Additional, emphasis should be placed on the consequences, for the company’s economic sustainability, of the adoption of cleaner and more sustainable GCE-based innovative technologies.

Policies for providing corporate, trade associations, governmental, academic and society members with new information should also include those that communicate people about the concepts and the principles that underpin GCE.

As noted in Chapter 1, the Brazilian chemical industry is listed among the ten largest chemical industries in the world. In 2010, the industry made official and explicit, *via* the *Brazilian Chemical Industry Association* (ABIQUIM), its qualitative and quantitative planned expansion initiatives to rank the world’s fifth largest chemical industry in the world by the year 2020.

Its trade activities embrace market and non-market relations with various regions across the planet (cf. Appendix E). Such relations are not limited to product exports; it also includes the import of raw materials, knowledge and equipment.

The Brazilian petrochemical sector’s dimension, its global coverage, its high technological characteristics and its worldwide capillarity and interrelationships, naturally expose its companies to contemporary and future global demands, information and trends in respect to environmental (un)sustainability and its consequences to business.

For this reason, the concepts of sustainable development and cleaner technologies are currently undisputable in the sector. They are attested to by virtually all disclosed social and environmental commitments of their companies.

Such acknowledgement was verified by this thesis research in two ways. First, the score obtained by the measurement of the planned behavior of the firm (cf. Section 6.5 of Chapter 6) revealed that companies, in the Brazilian Petrochemical sector are currently willing to engage in GCE-based eco-innovation processes. Secondly, these perceptions regarding managers’ acceptance and consciousness regarding corporate sustainability, sustainable development and the GCE principles were captured and confirmed by the in-depth interviews conducted with companies’ managers and with other decision-makers (cf. Section 7.4.1).

In addition to these findings, the qualitative and the quantitative surveys revealed two other important factors associated with the GCE frameworks and principles. The first revelation showed that most managers were not acquainted to the GCE frameworks in the form that they were proposed in Chapter 2. The second showed that, despite this lack of acquaintance, some of the principles were already in use in varying degrees by all interviewed companies.

According to the managers, the reason for that is associated with the fact that some principles are commonly known in the sector, as they have been individually introduced by different initiatives throughout recent decades. This introduction was not uniform and varied across the sector.

With regard to the thesis survey's quantitative survey, the acquaintance of the managers with respect the principles of GCE was also tested in an indirect fashion. In order to try to avoid or to diminish bias what could be produced by direct questions, that acquaintance was tested in the following way:

- a) First, the Twelve Principles of the Green Chemistry, and the Twelve Principles of Green Engineering were presented to the managers in the first two pages of the qualitative questionnaire;
- b) The questions intended to measure managers' willingness to engage in GCE-based eco-innovation processes were placed as the first (*W1*) and the last question (*W2*) of the questionnaire (cf. Appendix E). It is important to call attention to the fact that these two questions were identical.

The idea behind this approach was to measure the variation of the answers before and after the respondents had gone through the entire questionnaire. That is, before and after they had been exposed to the information relative to GCE and companies engagement in GCE-based eco-innovation processes.

The results showed that 30.56 percent of the respondents changed their opinion and adopted a more favorable posture after they reflected about and became more familiar to the issues presented in the questionnaire regarding CGE and companies engagement in GCE-based eco-innovation processes. Another 22.2 percent became more unfavorable and the remaining 47.2 percent kept their favorable initial opinion.

Table 7.32 presents the information that is more detailed on the 22.2 percent of the questionnaire answers that indicated a decrease in managers' willingness to engage in GCE-based eco-innovation processes after they have gone through the survey questions.

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*Table 7.32- Detailed results of the answers in the thesis research' survey questionnaire that indicate a decrease in managers' willingness to engage in Green Chemistry and Green Engineering after they have been exposed to more detailed GCE information*

W1		W2	
Strength of the Responses	Responses Scores	Strength of the Responses	Responses Scores
Extremely High	7	Quite High	6
Extremely High	7	Quite High	6
Extremely High	7	Quite High	6
Extremely High	7	Moderately High	5
Extremely High	7	Moderately High	5
Extremely High	7	Moderately High	5
Extremely High	7	Uncertain	4
Quite High	6	Extremely Low	1

Source: author

A close look into Table 7.32 reveals that, although there was a decrease in managers' willingness to engage in GCE-based eco-innovation processes, this decrease was not strong enough to produce a decrease in companies' willingness (companies' planned behavior) to levels that were unfavorable to their engagement in GCE-based eco-innovation processes.

In fact, in the universe of eight answers that produced scores for *W2* that were lower than *W1*, three of the managers held quite high willingness to eco-innovate in GCE. Three other managers reported a decrease in willingness from extremely high to moderately high. One manager became uncertain and one changed radically his/her opinion and reported to be strongly not willing.

It can be argued that, based on the TBP, these results suggest that although these managers perceived that companies were willing to eco-innovate in of GCE, they might have perceived that they did not possess full control over the requisites and opportunities regarding knowledge and technologies, actors and networks and institutions that are required to eco-innovate in GCE.

That argumentation was supported and verified *via* the in-depth interviews (cf. Section 7.4.1).

Upon the detection of these shortcomings, they can be overcome through the implementation of adequate initiatives supported by appropriate policies.

This represents an indication of the importance of properly designed environmental policies that include education and information regarding:

- a) The GCE frameworks and their potentiality to solve or diminish the company's environmental challenges;
- b) The environmental impacts on the biosphere produced by companies' operations throughout the entire life cycle of their products, processes and services, and
- c) The relations of such impacts on the diverse socio-economic factors that are important for the corporation's social and economic relations

It is expected that they have great potential for stimulating and promoting the acceptance of the GCE frameworks. In parallel, they can also increase participation and enhance creativity, which are very important factors in innovation processes.

Based on these arguments and evidence, this thesis author suggests that, in terms of knowledge creation policies, the concepts and principles relative to GCE should be introduced and/or reinforced.

As was documented, policy efforts to provide environmental risk information as well as to promote and educate about the fundamentals of GCE should be adequately incorporated by the petrochemical industry at the meso-level by the trade association and at the micro-level by the companies.

It is expected that this approach can be used to effectively deepen the awareness and commitment of corporate leaders to apply that knowledge in light of the extensive and growing evidence of the benefits that GCE can bring to their company's social, environmental, and economic performance.

## **Step 2: Awareness of the Social Desirability of the Behavior (engaging in GCE-based eco-innovation activities)**

Environmental and sustainability policies, in the social domain, can be understood as those policies aimed at the generation of mechanisms that allow for responses to the social pressures arising from the market, from the community and from the regulatory actors regarding the adoption of cleaner and more sustainable products, processes and services.

According to this thesis research's behavioral model:

- a) The pressures that the market exerts on the firm, to develop cleaner technologies, arise mainly from the competitive context and from customer's expectations regarding specific environmental qualities of its products and services;
- b) The community pressure transmits to the companies signals and demands arising from the community and from the managers' and companies' important referents (personal, internal and external to the corporations) regarding the adoption of cleaner and more environmentally sustainable practices, technologies products and services;
- c) Regulatory pressures concerning current and potential future pressures are derived from the regulatory authorities and legislation as well as from the pressures arising from the trade associations, standardization and industry's representative organizations, and the companies' national and international agreements.

According to the results of the statistical analyses, presented in Section 7.3.1, the perception of social pressure in respect to social, environmental and economic sustainability of companies in the petrochemical sector arise from:

- Trade organizations,
- The sector's representative associations and companies' agreements at the national and international levels ;
- Communities;
- Legislation, and
- Regulatory authorities.

Pressures arising from the trade organizations and from the sector's representative associations and companies' agreements at the national and international levels explained



most of the variance in the social pressure behavioral domain. This can be explained by the fact that, in the Brazilian context, most corporate mechanisms used by companies to capture such social pressures derive from: (a) regulatory authorities and legislation, and (b) voluntary initiatives and agreements.

Such initiatives mostly encompass management, quality, social responsibility, environmental standards and norms (e.g. ISO series 9000, 14000, 26000; The National Quality Prize; ABIQUIM's Responsible Care Program, The Global Product Strategy etc.), and sustainability reporting initiatives such as those that are based on the Global Reporting Initiative framework.

In-depth interviews with the managers in the petrochemical sector revealed that, in the Brazilian petrochemical sector, among the existing initiatives, the Responsible Care Program (RCP) <sup>111</sup> occupies a central position (cf. Section 7.4.1). Currently the implementation of the RCP is mandatory for all ABIQUIM associated companies.

The search for achievement of those objectives are guided by general directives that are issued, by ABIQUIM, at sector level, and implemented at firms' level according to companies' culture, beliefs and characteristics. Sections 7.4.1, 7.4.2 and 7.4.3 provided a detailed view on petrochemical companies' managers, EPAs' and ABIQUIM's perceptions on the importance and the effectiveness of the RCP in the Brazilian context.

The RCP is an extensive initiative containing sixty-two directives, which are used by companies to build the foundations of their "Responsible Care Program (RCP) Management System", which involves the environmental, economic and social realms according the following dimensions:

- Health;
- Safety;
- Environment;
- Corporate protection;
- Quality, and
- Social

It is the belief of this thesis author that the RCP policy guidelines, designed to promote the interaction of companies with their stakeholders, are effective in helping the companies to monitor and to respond to the market, community and regulatory pressures.

Once sensing and responding mechanisms are properly developed and implemented by companies, they can be used to promote the development and usage of good communication channels with their target stakeholders to:

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<sup>111</sup> "Responsible Care is the chemical industry's unique global initiative that drives continuous improvement in health, safety and environmental (HSE) performance, together with open and transparent communication with stakeholders. Responsible Care embraces the development and application of sustainable chemistry, helping our industry contribute to sustainable development while allowing us to meet the world's growing need for essential chemicals and the products those chemicals make possible. Responsible Care helps the industry to operate safely, profitably and with care for future generations. Through the sharing of information and a rigorous system of checklists, performance indicators and verification procedures, Responsible Care enables the industry to demonstrate how its health, safety and environmental performance has improved over the years, and to develop policies for further improvement. (International Council of Chemical Associations) (<http://www.icca-chem.org/en/Home/Responsible-care/>), accessed in August, 2012.

- Capture and identify market, community, regulatory and other organizations' demands, and
- Use this information to fulfill such demands *via* eco-innovation and other processes.

The importance of these elements is exemplified by the contents of Section 4.6 of the document "Responsible Care Program: Requisites for the Management System" published by ABIQUIM<sup>112</sup>. The document prescribes communication, participation and consultation with the stakeholders (internal community, external community, clients, suppliers, media, governmental and non-governmental organizations and shareholders) through the following steps:

- Identification of stakeholders;
- Creation, implementation, and maintenance of instruments and communication channels and dialogue with stakeholders;
- Creation, implementation, and maintenance of appropriate and adequate procedures and means that allow for the acknowledgement and the response to the demands, expectations and suggestions of the stakeholders;
- Creation, implementation, and maintenance of appropriate and adequate procedures that allow for effective and efficient communication actions.

The spectrum of stakeholders embraced by these communication channels allow for their use in monitoring and responding to the social pressures arising from the market, community, regulators, legislation and companies' agreements with regard the societal desire towards cleaner products, processes and services as long as they are adapted and orientated to do so.

As a suggestion for policy development, the creation of mechanisms that link the RCP's guidance to the decision-making *nuclei*, within the companies' realm, would help companies to profit from useful and valuable information that could demonstrate the need for firms' engagement in GCE-based eco-innovation processes.

Such engagement could generate solutions that help companies to be ahead in terms of taking advantage of business opportunities, to go beyond current environmental legislation and taking precautionary measures regarding future tighter environmental regulations. Finally, these solutions certainly could help companies to obtain and continue to retain a *societal tacit license to operate* by reconciling their interests with those from the society.

It is important to note that to be ahead of the environmental legislation was reported by many interviewed managers as a highly desired objective. Despite this willingness, they posed that such advances can be obtained in a better and faster manner *via* self-imposed and deliberate initiatives and objectives. They emphasized that such initiatives and objectives should take into account companies' resource limitations, feasible deadlines and their economic and competitive sustainability.

The results of the in-depth interviews indicated that these initiatives find full acceptability on the part of the interviewed EPAs. According to the in-depth interviews, cooperative

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<sup>112</sup> <http://www.abiquim.org.br/atuacaoresponsavel/pdf/Programa-AR-2012-manual-de-requisitos-de-gestao.pdf>

initiatives such as RCP are very much supported by the EPAs. Although not minimizing their role as regulators and legislation enforcers, they reported that they allocate a high level of importance on cooperation work with companies (cf. Section 7.4.2).

### **Step 3: Facilitation of Behavioral Change**

As previously noted in the outset of Section 7.5.2, the *path to a successful program of behavioral change for a target group* prescribed that for a behavioral change to take place, conditions for the behavior to be fixed must be facilitated.

In terms of the TPB, and in the context of this thesis research, it corresponds to the *perceived behavioral control* that a company must have over the requisites and opportunities for changing its perceptions and behavior and deliberately engage in GCE-based eco-innovation processes.

In this respect and according to the analysis of variance, this research documented that the path to such behavioral change is predominantly associated with the control (control beliefs) over the capabilities pertaining to the knowledge and technologies (*KTC*) and to the actors and networks (*AN*) behavioral domains.

The Brazilian petrochemical sector, just like other petrochemical sectors worldwide, is characterized by its high technological state and by its capacity for innovation and product diversity (García-Johnson, 2000). Consequently, the competence of the sector for building the required capabilities to find, develop and implement the solutions for the challenges, posed by the environmental and the socio-economic landscapes, is undisputed and has been demonstrated during past decades.

The suggestions for policies presented in this section are based upon the results of the statistical analyses that were presented in Section 7.3.1. They intend to provide scientifically based information, to the chemical sector at the meso and micro levels, with respect the significant determinants of companies' willingness to engage deliberately in GCE-based eco-innovation processes.

The richness of these suggestions resides in the fact that they have been identified *via* a judicious, scientifically based, look inside the companies with a very strong focus on the sources of willingness to eco-innovate in GCE.

In respect to the knowledge and technologies domain, policies and strategies aimed at eco-innovating in GCE should be placed in the integration of knowledge and learning processes. Knowledge integration should be stimulated *via* the formation and the establishment of self-management teams. Such organizational capability is plausible and adequate as self-management teams refer to a knowledge integration mechanism for complex and non-routine organizational tasks especially when task uncertainty, novelty, and complexity preclude the use of existing routines or directives.

Additionally, it is important that such policies and strategies for knowledge integration should include mechanisms that promote, as much as possible, the correspondence of the architecture of the capabilities with the firm's structure of authority, communication, and decision-making, whether formal or informal

The research results also highlighted the need for the development of eco-innovation policies that supported and stimulated the building of advanced technological innovation capabilities.

In this regard, corporate, sector and governmental policies should be used to foster the development of capabilities that are essential for the development of new production systems. Such policies should equally stimulate companies' collaboration with suppliers and other partners for technological development.

In terms of access to knowledge, the governmental, sector and corporate policies and strategies should stimulate the search for new GCE-based knowledge, outside the petrochemical sector. Such policies should foster the exploration of advancements in scientific understanding and technique, technological advancement in other industries and in private and governmental organizations.

In terms of the actors and networks behavioral domain, the statistical analyses detected the relevance of culture building, motivation and participation in developing companies' willingness to engage in GCE eco-innovation processes. The results highlighted the importance of the availability of key corporate actors who could help to implement and develop such elements. Usually, such professionals have extensive knowledge, are polifunctional, speak more than one professional language and can see the world from two or more professional perspectives. They are very important for corporate behavioral change and help to set the grounds for companies to move to advanced states of sustainability. Consequently, policies that support the incorporation and the maintenance of those professionals in the company's workforce should be developed and implemented.

In respect to companies' engagement in networks of collaboration, according to the results of the statistical analyses, consultancies and specialized engineering firms (*SEF*) should be addressed by policies and strategies. In parallel, strategic alliances with external actors were also identified as a significant element in GCE-based eco-innovation processes. In this realm, the support of CEOs and shareholders was documented to be a basic and mandatory element for the outset and success of such alliances.

The suggestions for the development of policies and strategies intended to support GCE-based eco-innovation processes are intended to provide guidance and to help companies to make more efficient and effective progress towards more sustainable states by using information that has been elicited from their internal environment. They provide the foundation upon which policies and strategies can be developed in harmony and congruence with companies' specificities, culture and objectives.

## **7.6 Implementation of Green Chemistry and Green Engineering at the Sector Level: The Main Agents, Their Roles and Their Relations**

This thesis research analyzed the Brazilian petrochemical companies' willingness to engage deliberately in GCE-based eco-innovation processes. Additionally it identified the main determinants of such willingness.

In that context, the study revealed that pressures and influences originated at the sector level represented important determinants, or pre-conditions, for companies to incorporate GCE and to implement relevant progressive concepts, approaches, processes and technologies.

Based on this finding, it can be argued that conducting sector level initiatives for the promotion, stimulation and implementation the GCE frameworks, by meso-level agents, represents an important contribution for a successful incorporation of GCE at the company level.

In the context of this thesis research, these relevant agents were represented by the *Brazilian Chemical Industry Association* (ABIQUIM) and the Environmental Protection Agencies (EPA).

This section was designed to explain the empirical relations between the micro (companies) and meso-level agents (ABIQUIM and EPAs) regarding the promotion, dissemination and implementation of GCE at the sector level as baseline frameworks for technological changes. In parallel, additional specific recommendations were made to each of these groups of agents regarding their participation in the process of incorporating GCE and fostering GCE-based eco-innovation processes at the sector and companies levels.

### **Companies' Willingness and Preparedness for Green Chemistry and Green Engineering and Their Perceptions on Sector Level Initiatives**

As an initial consideration and based on the TPB, it can be argued that the success in implementing GCE as the primary frameworks for more sustainable technological development is contingent upon two basic points: (a) companies' willingness to adopt GCE and to engage in GCE-based eco-innovation processes, and (b) companies' preparedness for such engagement.

These points were clarified by managers' responses to this thesis research's quantitative survey (cf. Chapter 6) and to the questions of the in-depth interviews (cf. Section 7.4) associated with the qualitative survey. According to their reactions, they demonstrated that their companies are willing and prepared to incorporate GCE and to engage in GCE-based eco-innovation processes. According to the results of the interviews, managers unanimously reported that they believed that corporate sustainability is highly important for firm survival. They stated that the underlying willingness' motivations covered a wide spectrum of possibilities that pertain to the concept of sustainability regarding its social, economic and environmental pillars.

They were unanimously favorable to the use of GCE as a baseline framework for the promotion of technological changes towards advanced sustainability states of their companies. In addition, they reported that such acceptance is contingent on a solid acquaintance of the GCE principles on the part of the company (cf. Section 7.4.1).

With regard to companies' preparedness, the responses, given by the interviewed companies' representatives, provided clear evidence that such companies have already gone beyond willingness and have implemented actual technical and non-technical initiatives towards the improved sustainability of their products, processes and services.

In addition, the in-depth interviews revealed that, all interviewed representatives of companies are already using some GCE principles in varying degrees (cf. Section 7.4.1).

With regard the sector level, the managers reported that the promotion, dissemination and stimulation of the GCE principles, at the petrochemical sector level, are very important elements for the engagement of their companies in GCE-based initiatives. In this regard,

the chemical and petrochemical sectors trade association (ABIQUIM) and its RCP play an important and fundamental role in promoting, disseminating and implementing the GCE frameworks throughout the sector.

### **Recommendations for Companies' Managers and Important Decision-Makers Regarding Incorporating GCE and Fostering Companies' Engagement in GCE-Based Eco-Innovation Processes**

As noted in Chapter 3, companies *per se* are inanimate entities that are guided and steered by individuals that have the responsibility to help them to achieve envisioned futures that fulfill consolidated interests and pre-established objectives. This implies the choice of trajectories that, many times, are profoundly challenging and innovative. This is the case of the introduction of GCE, at the companies' level, as baseline frameworks for effecting technological change *via* eco-innovation processes.

Throughout this thesis research, managers perceptions and beliefs, regarding the determinants of companies' willingness to incorporate GCE and to engage in such eco-innovation processes, have been measured and elicited through quantitative and qualitative methods. Although such perceptions and beliefs have been mapped, and the significant willingness determinants were identified, it was also important to discuss what actions managers and decision-makers could develop to foster and facilitate GCE-based eco-innovation processes to become reality in their companies.

According to Chapter 3 and Appendix H, innovations do not occur unexpectedly nor do companies innovate in isolation. In this regard, it can be argued that Brazilian petrochemical companies' managers and important decision-makers need to make efforts inside and outside the companies' domains aimed at the provision of adequate means and requisites towards the implementation of GCE both in their companies' realms and at the sector level.

As these agents demonstrated full agreement with the GCE frameworks and their perceptions demonstrated that their companies are willing to engage in GCE-based eco-innovation processes, two initial steps are recommended: (a) to create awareness of the importance and the feasibility of GCE-based technological solutions, and (b) to introduce GCE in the decision-making *nuclei* of the company and to include them in the companies' short, medium and long-term technological change planning.

Assuming that support from shareholders and from CEOs was granted, once these steps have been accomplished and GCE-based technological sustainability objectives have been established, it is very important that managers plan and conduct initiatives for identifying and acquiring the technical and non-technical capabilities required for eco-innovating in GCE. This includes the identification of essential new knowledge and technologies and strengthening or improving companies' learning processes. In addition, it is important that they promote, if required, the adaptation of companies' organizational structure to effect GCE-based eco-innovation in a fluid way. This could facilitate the development of internal eco-innovation networks and the consequent facilitation of the engagement of companies' personnel in such networks. This is likely to generate diverse insights in the different hierarchical levels and to enhance the participation and the involvement of different agents in approaching and solving the environmental challenges.

In parallel, it is fundamental that managers and important decision-makers get involved in developing adequate corporate institutions (rules, norms, policies, conventions etc.) that can give full support and stimulate GCE initiatives.

With regard the promotion of an institutional infrastructure that can support and facilitate the implementation of GCE frameworks and GCE-based eco-innovation processes in companies, managers are required to make efforts to insert GCE in the corporation governance. In parallel, it is also recommended that they promote the development of a governance structure that specifies the distribution of responsibilities among different participants in the corporation (such as the board of directors, managers, shareholders, auditors, regulators, and other stakeholders) and specify the rules and procedures for making decisions regarding GCE-based eco-innovation issues.

Innovation networks should include agents and relations outside the companies' domains that can help to facilitate and promote GCE at the companies' level (e.g. suppliers, academia, research laboratories, workers, governmental environmental and non-environmental organizations, communities, customers). Managers and important decision makers are recommended to strengthen these ties and to build new ones according to their companies' needs.

It is very important that corporate leaders, by taking advantage of companies' proximity and strong ties with ABIQUIM and local industry representative organizations, discuss and promote joint efforts that facilitate the introduction of the GCE as baseline frameworks for technological change and for eco-innovation processes. These efforts should be conducted within the sectoral domain and with governmental environmental (e.g. Ministry and States' Secretariat for the Environment, EPAs etc.) and non-environmental (e.g. Ministry for the Science and Technology and Innovation, Ministry of the Industry and Commerce, Ministry for Education etc.) organizations. These initiatives should aim at the attainment of governmental, institutional support in, among others, the political, financial, technological, knowledge, educational, and organizational development domains.

In addition to searching for political and institutional support through coalitions with ABIQUIM and other organizations, companies are also recommended to search for these types of support, through extensive and intense negotiations, on their own in the governmental domain according to their idiosyncratic and to the petrochemical sector's collective needs.

Leaders are also recommended to work in partnership with ONGs and market survey organizations to be acquainted and updated with societies' socio-environmental claims, demands and pressures. These sources of information should be processed and taken to the companies' *locus* of planning and decision-making so solutions can be conceived and effected in a faster way.

Companies' leaders are also encouraged to promote the search for technological and knowledge building initiatives in the academic and technology providers domains at the same time that they are challenged to improve their companies' learning processes and their overall management system.

### **Environmental Agencies' Perceptions on the Implementation of Green Chemistry and Green Engineering at the Company and the Sector Level**

The in-depth interviews revealed that the interviewed EPAs were fully supportive and cooperative regarding the promotion, dissemination and implementation of GCE-based eco-innovation processes at the company and sector levels. In their view, these sector level cooperative initiatives should be conducted through their own initiatives or in partnership with ABIQUIM.

It is important to clarify that EPA's initiatives at the sector level are comprised of:

- Contributions to the development and enforcement of the general or sector-specific institutions that are applied at the company level, and
- Cooperative initiatives conducted in partnership with ABIQUIM, companies and other agents for the dissemination, stimulation and implementation of environmental sustainability initiatives at the company level.

A comprehensive exposition of their perceptions was presented in Section 7.4.2. The following summary points were extracted from that information.

At the general level, the responses demonstrated that the interviewed EPA representatives besides keeping their role as legislation enforcers strong, they also rely on cooperative initiatives with the petrochemical companies. The interviewees stated that cooperation is an important and useful way to overcome bureaucracy, to create trust and to help companies to move beyond compliance with existing legislation.

Although respondents cited different initiatives, from their respective contexts, they had three common points:

- a) Due to the existence of a consolidated cooperative culture as well as based upon previous cases of success, the implementation of these initiatives is entirely possible;
- b) That type of implementation can be effectively facilitated by the existing institutional organization and by the fluid environmental agency/companies relationship structure and
- c) There is a need for the agencies to implement long-term policies to support these types of initiatives.

With regard to cooperation at the sector level, according to the respondents, joint initiatives conducted by the EPAs, ABIQUIM and other petrochemical industry representative organizations are entirely feasible because these agents have a strong history of cooperation and have efficient and fully operational communication channels.

### **Recommendations for the Environmental Protection Agencies' Leaders Regarding the Process of Supporting and Fostering the Introduction, Diffusion and Implementing GCE in the Brazilian Petrochemical Sector**

This thesis researcher's qualitative and quantitative surveys, identified the Environmental Protection Agencies in the Brazilian territory as fundamental agents in helping the promotion of the implementation of GCE in the Brazilian petrochemical industry both at the sectoral and companies levels.

This is a perception that was shared by companies, ABIQUIM and by the EPAs themselves. Therefore, based on the evidence produced by this thesis research and based



upon this researcher insights, some recommendations can be made to the EPAs leaders. These recommendations arise from two domains and aim at providing information that is useful in the effort to implement GCE in the Brazilian petrochemical industry both at the sector and companies levels.

### **Cooperation and Enforcement**

Cooperation efforts with the petrochemical companies and ABIQUIM should be conducted in order to incorporate the GCE frameworks as an official and feasible way to promote technical change towards a more sustainable petrochemical (and chemical) enterprise. These efforts should take into consideration short, medium and long-term planning.

In addition to these tripartite initiatives and to the EPAs' responsibilities regarding legislation enforcement, EPA leaders are recommended to incentivize and to promote bilateral cooperation efforts between companies and the EPA. These efforts should emphasize the incorporation of GCE in the governance of the companies and on the development and implementation of GCE-based solutions for companies' sustainability technological challenges towards advanced sustainability states.

These efforts could have the form of companies-EPA joint cooperative corporate environmental planning whose results are formalized by bilateral agreements and verified by self and bilateral follow-up and auditing.

This represents a possible effective way to influence companies and to catalyze the implementation of the GCE principles, in the petrochemical sector, *via* negotiations and posterior incorporation of those principles into the company's operation license. Thus, this approach represents the use of the companies' operation licensing as an environmental sustainability and sustainable development-planning tool. These recommendations were based on the EPA's managers' perceptions that as the velocity of advancements in legislation is very much slower than the actual environmental facts, challenges and needs. Therefore, this pro-activity is necessary for inducing and helping companies to move, in a more expedited way, beyond merely complying with existing legislation.

This approach allows for companies to implement agreed upon self-regulations, the progress of which should be followed and audited by the EPA. In addition, it promotes and facilitates the development of short, medium and long-term corporate plans and measures regarding technical change towards advanced states of companies' environmental sustainability that take into account, the companies' specificities and capabilities to identify and solve the environmental problems. It also represents a good mechanism to stimulate the sustainability culture building. This allows for a more realistic identification of companies needs and measures that should be taken in order to implement GCE-based initiatives and measures. Such a more realistic approach also enables companies and EPAs to identify the adequate instruments that support such required technological changes.

EPAs' cooperation initiatives with companies and ABIQUIM can be conducted *via* the existing discussion *fora*, cooperation mechanisms and communication channels.

On the other hand, because voluntary initiatives are not always appropriate or effective to provide the required level of advancements towards environmental and health preservation, it is fundamental that the different EPAs use their experience and accumulated knowledge to help to improve and expand the environmental legislation regarding cleaner, safer and more sustainable products, chemicals manufacturing and chemicals management. This will

certainly reflect societies' short, medium and long-term environmental sustainability expectations. In addition, it is mandatory that EPAs use their full power to enforce such regulations and exert pressures that, in the end, are expected to contribute to expediting the development of a more sustainable petrochemical enterprise.

### **Institutions**

As noted in the previous section, EPAs hold two main responsibilities. The first one regards the contributions to the development and enforcement of the general, sectoral and company specific regulations aimed at increasing the protection of the biosphere. The second line of responsibilities of the EPAs reside in promoting an environment in which companies' environmental sustainability can be developed and prosper.

Before discussing such aspects, it is relevant to underscore the necessity that leaders at the EPAs develop and implement long-term internal organizational policies, which support GCE-based initiatives as well as other cleaner production initiatives. Such policies will ensure that the official commitment to their approaches endure and that they are immune to changes in management styles of successive EPA's administrations

In respect to the enhancement of the environmental legislation, EPAs' leaders are recommended to take full advantage of EPA's experience of their cooperative work with companies, ABIQUIM, the academia, the NGO's, the press etc. to help to modernize and to adapt the environmental legislation to societies' current and the envisioned environmental and socio-economic needs.

With regard the promotion of an institutional infrastructure that can support and facilitate the implementation of GCE frameworks at the companies' level, EPA's leaders are recommended to promote an active discussion with other governmental bodies in order to create and/or enhance governmental support instruments to incentivize the development and the implementation of GCE-based solutions. This support can be achieved via economic and fiscal *stimuli* for the implementation of eco-innovation processes at the company level aimed at the development or acquisition of cleaner and more sustainable solutions for the companies' products and processes. These supports and incentives should cover a broad spectrum of possibilities such as basic research financing at universities, the introduction of GCE in education at the university level, tax cuts, low interest rates loans for companies' GCE-based investments etc.

## **The Trade Association's Perceptions on the Implementation of Green Chemistry and Green Engineering at the Company and the Sector Level**

According to the in-depth interviews, ABIQUIM is fully supportive of GCE and is prepared to engage in actions aimed at promoting eco-innovation and GCE in the Brazilian petrochemical sector.

A comprehensive exposition of those perceptions was presented in Section 7.4.3. Some points were extracted from that discussion.

The RCP represents ABIQUIM's overarching initiative regarding sustainability in the Brazilian chemical and petrochemical sector. According to the interviewed individuals at the sector and company levels, the RCP is the best and key instrument to harbor and to promote the full spectrum of GCE principles and practices as well as eco-innovation.

ABIQUIM is acknowledged by private and governmental environmental and non-environmental organizations as the official representative association of Brazilian chemical and petrochemical industries. Consequently, formal and informal cooperation and partnership initiatives and consultations towards sustainability issues have been regularly conducted.

The findings from the interviews demonstrated that, because ABIQUIM and the EPAs share the same interests and beliefs regarding sustainability and sustainable development, working together for the promotion of GCE-based initiatives is perfectly viable and of uppermost interest. This view was also expressed with regard to engagement of other governmental and non-governmental organizations.

### **Recommendations for ABIQUIM's Leaders Regarding the Process of Supporting and Fostering the Introduction, Diffusion and Implementing GCE in the Brazilian Petrochemical Sector**

According to the qualitative survey, with regard ABIQUIM's initiatives towards a more sustainable chemical enterprise, its main purpose is to exert catalytic influence. This can be accomplished through education and training as well as in conducting a great variety of cooperative programs directed to ABIQUIM's affiliates in association with external private and governmental stakeholders (e.g. suppliers, workers, governmental environmental and non-environmental organizations, communities, customers).

Based on the researcher's in-depth interviews, on his professional experiences in the Brazilian Petrochemical industry and on his knowledge on ABIQUIM's structure and initiatives towards a more sustainable chemical and petrochemical sectors, it is his opinion that ABIQUIM holds the appropriate knowledge, mechanisms, instruments, institutional set, governmental and non-governmental relationships and initiatives that can help it to be a effective force in promoting GCE at the sectoral and companies levels.

With regard to ABIQUIM, the primary recommendation regarding the introduction, dissemination and implementation of GCE in the petrochemical industry at the sectoral and the company levels, is the need to incorporate, in its corporate initiatives, such as the Responsible Care Program and the Global Product Strategy, guidelines and policies to

promote the GCE frameworks as a priority in the managerial and technical changes in the sector.

Once this step is concluded, it is recommended that ABIQUIM mobilize its efforts to develop a supportive, broad-based mix of alliances and partnerships with companies, EPAs, government, academia, business and a range of stakeholders, including society. Such alliances are expected to promote close cooperative work on strategies, policies, and the design of systems to introduce, disseminate and implement GCE in the petrochemical sector and its companies to catalyze the needed sectoral and societal transformations to more sustainable patterns.

It is also very important that ABIQUIM uses its sectoral and thematic commissions to place GCE and GCE-based innovation processes as a central and priority issue in the environmental sustainability discussions. These commissions are formed by ABIQUIM's associated companies' representatives and by other invited stakeholders. In these *fora*, problems are discussed, diagnoses are made, solutions are proposed and planning is done for solving such problems (such as future environmental legislation and agreements, sustainability trends and demands of markets, environmentally-based barriers for products etc.). In addition, strategies and plans are discussed for making advancements with regard to common objectives of the chemical and petrochemical sectors.

In this regard, it is equally important that ABIQUIM continues to be consistently and regularly in contact with national and international organizations in order to capture new information, demands and trends that can be used in its strategic planning as well to provide *stimuli* and support for companies in their initiatives aimed at their socio-economic and continuous environmental improvement.

Lastly, similar to the petrochemical companies and the EPA's, ABIQUIM, should also engage in and promote continuous improvement of its communication channels with significant stakeholders in order to respond to societal demands on greener products and production processes. In addition to being aware of the needs of society, it is important to be in close contact with stakeholders such as:

- **The press:** by disseminating information, exposing societal demands, and pushing for solutions, the press is a powerful stakeholder, which can help to catalyze changes in the environmental behavior of different segments of society. It can also help to promote environmental behavioral changes *via* the promotion of conferences and seminars involving a wide spectrum of stakeholders<sup>113</sup>;
- **The academia:** the academia represents a major repository and generator of knowledge that can help in the implementation of GCE by providing new knowledge and visions of futures. In parallel, the academia has the power of creating culture and of facilitating behavioral changes. The academia should work

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<sup>113</sup> As an illustration, it can be mentioned the "Green Minds" seminar that was promoted in September 2012 by "VOTO" magazine in Brasilia, Brazil. "Voto" magazine is a Brazilian publication dedicated to politics. The "Green Minds" seminar' main objective was to promote discussions on the sustainable development of the Brazilian industry with a focus on the need for incorporating innovation and sustainability, as priority, in the agendas of the Brazilian government. In addition, the seminar was intended to make governmental authorities, and public and private enterprises aware of the importance to contribute to innovation and sustainability in the industrial sector.

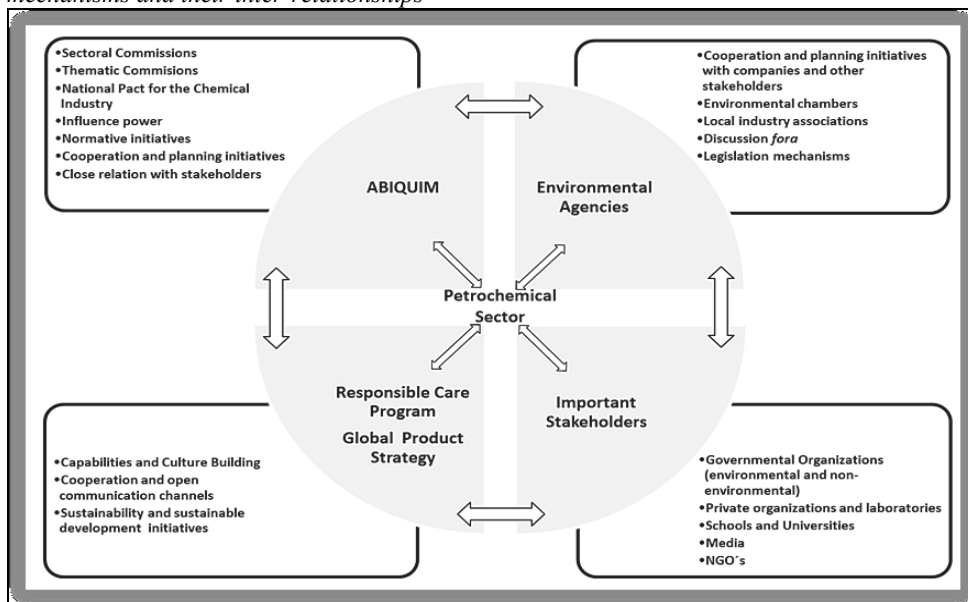
hand-in-hand with petrochemical companies, ABIQUIM and the EPAs by joining forces and intellectual resources to help to introduce, disseminate and implement GCE and GCE-based innovation processes in the Brazilian petrochemical sector.

Figure 7.10 depicts a synthetic representation of the implementation of GCE at the sector level. This representation was created based on the in-depth interviews that were conducted on the company's managers, environmental agencies and with the trade association (ABIQUIM).

The petrochemical companies are at the core of the figure. They are surrounded by the important and interrelated agents and key mechanisms for the promotion, dissemination and implementation of GCE at the sector level.

These elements are supported by core stakeholders, initiatives and mechanisms that were envisioned by the interviewees as being basic and essential for the implementation of GCE. The arrows provide a simplified view of the relationships among all of these elements.

*Figure 7.10- Implementation of Green Chemistry and Green Engineering: the main agents, mechanisms and their inter-relationships*



Source: author

## 7.7 Summary

Chapter 7 concluded the discussions that were initiated in Chapter 6. By using all elements of the theoretical foundations that underpinned this thesis research, as well as the empirical and statistical findings, this chapter provided a thorough examination of the representativeness of the behavioral domains as determinants of companies' willingness to engage in GCE-based eco-innovation processes. In parallel, simulations were conducted in the search of the most favorable scenarios under which engagement and implementations of GCE-based changes are most likely to occur.

A further exploration was conducted, *via* in-depth, qualitative interviews with companies' managers to promote an independent verification of this thesis research's results. The interviews were intended to elicit further clarifications of the perceptions of companies' managers, environmental agencies and the trade association regarding the company and sectoral level initiatives to support and to implement GCE in the entire petrochemical sector.

Based on the results of the simulations, this author deeply analyzed the thesis' behavioral model, at the belief's level, and identified the significant variables that could provide key elements for the design of policies aimed at the engagement of firms, in the Brazilian petrochemical sector, in GCE-based eco-innovation processes. The analyses revealed that:

- a) Using this thesis researcher's behavioral model as a reference, the perceived behavior control (*PCB*) construct was the largest contributor to the explanation of the variance in companies' willingness to engage in GCE-based eco-innovation processes. It was followed by the perceived social factors pressure construct (*PSFP*) and the smallest contributor was found to be the attitude construct (*A*);
- b) In respect to the *PBC* construct, the knowledge and networks (*KTC*), and the actors and networks (*AN*) behavioral domains provided the largest contributions to the variance explanation;
- c) Social pressure (*SP*) emerged as the largest contributor to the explanation of the variance in the *PSFP* construct;
- d) In the case of the attitude construct, the economic risk and business opportunity (*ECR*) behavioral domain was found to be the most important domain in companies' willingness explanation;
- e) Although the environmental risk domain was found to be a minor contributor to willingness explanation, it was introduced in the analysis due the fact that it was found to influence economic risk and market opportunities in an inverse fashion. That is, managers' perception of low environmental risk in respect to their companies' products, processes and services emerged to be associated with conditions of high economic risks and low business opportunities;
- f) Social pressure (*SP*) was found to influence willingness in a direct and indirect fashion. The indirect mode of influence on willingness was related to *SP*'s strong positive correlation with the knowledge and technologies (*KTC*) and actors and networks (*AN*) behavioral domains, which, in turn, influence willingness in a direct fashion;
- g) In terms of sources for the development of eco-innovation policies, in the social pressure behavioral domain, beliefs associated with community pressure and regulatory pressure were found to be the most significant;
- h) In respect to willingness formation, sources in the knowledge and technologies domain, the beliefs related with accessibility to knowledge, knowledge integration, learning processes, technological opportunities, advanced technological innovation capabilities and organizational capabilities were documented to be the significant variables for policy development;
- i) In the actors and networks domain, the significant beliefs were represented by beliefs associated with the availability of corporate actors holding key capabilities, strategic alliances with external actors and networks of collaboration,

Chapter 7 provided evidence that supported the argument that the challenges, faced by the Brazilian petrochemical companies, to promote behavioral changes towards their

engagement in GCE-based eco-innovation processes, reside in all three dimensions of the behavioral model proposed in Chapter 5.

The first class of challenges pertain to the control over the resources and opportunities that were associated with the capabilities required by them to eco-innovate in GCE. In this realm, two domains emerged:

- a) Knowledge and technologies: in this domain, the capabilities related to the learning processes, technological opportunities, advanced technological innovation capabilities and organizational capabilities to constitute companies' current challenges, and
- b) Actors and networks: the capabilities related to availability of corporate actors holding key capabilities, strategic alliances with external actors and networks of collaboration emerged as the most relevant.

The second class of challenges resided in the realm of the social pressures towards cleaner and more sustainable products, processes and services. In this dimension, the issues related to community and regulatory pressures were found to be the most relevant challenges.

Finally, issues associated with managers' attitudes towards eco-innovating were also documented to be relevant challenges in respect to such behavioral changes. The analysis indicated that issues associated with the economic risk and business opportunities behavioral domain (i.e. economic opportunities and technological risks) represented the most relevant challenges.

Additionally, the need to promote changes in the ways to perceive the environmental risks generated by their companies' operations emerged as an important issue. The concepts of safe and risky operations should be discussed in light of the products' and processes' hazards and risks, intrinsic to their design conception, without regard to the risk control measures.

With regard to the opportunities for companies in the Brazilian petrochemical sector to make progress in GCE, the following characteristics provide a sound foundation for progress:

- a) Their size;
- b) Their innovation history;
- c) Their belief on the importance of S and SD for their short, medium and long-term survival;
- d) Their worldwide market and non-market relations and penetration;
- e) Their organizational structure;
- f) Their synchronism with the state-of-the art of scientific, technological and knowledge advancements worldwide;
- g) Their financial and organizational capabilities;
- h) The quality and dimensions of their planned investments for this decade aimed at placing the Brazilian chemical sector among the five largest in the world, and
- i) The current competitive power of the Brazilian petrochemical sector provides a wide horizon of opportunities. These opportunities can stimulate companies to engage in eco-innovation processes as a means to develop and/or adopt new technological paradigms and trajectories that could help the companies to make rapid progress in environmental and socio-economic sustainability.

Finally, it is important to emphasize that these arguments were verified by the in-depth interviews with the managers and with other important decision-makers. More than that, the interviews revealed that the surveyed Brazilian petrochemical companies have already gone beyond willingness and have implemented sustainability initiatives through sustainable development practices by implementing innovative solutions that are based on some of the GCE principles to “solve” their sustainability challenges.

In terms of implementing GCE at the sectoral level and in promoting GCE as the sector’s baseline principles for technological development, the interviewed company managers, the EPAs representatives and the spokesperson of trade association (ABIQUIM) were all fully in favor of such initiatives. They highlighted that, although much negotiation still needs to be conducted and more stakeholders must be engaged in these processes, much work has already been done. They expressed confidence that they have the basic required mechanisms, relations and dynamics for the rapid expansion of implementation of GCE initiatives throughout the Brazilian petrochemical sector.



## 8. Summary of the Results and Conclusions

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### 8.0 Introduction

Throughout the last forty years, the petrochemical industry has been central in the ongoing debate and submitted to strong societal pressures with respect to industrial pollution and the intensive use of non-renewable natural resources. At the global level, societal pressures increased and more stringent legislation towards the chemical industry evolved in the wake of the environmental disasters produced by accidents or by environmentally and socially unaccepted practices that took place in the 1970s and early 1980s. More specifically, a pesticide production plant explosion in Seveso, Italy, in 1976, the gradual poisoning of a community at Love Canal toxic waste site in the USA and the Bhopal incident<sup>114</sup> triggered dramatic societal reactions.

After the Bhopal incident, in 1984, the public's confidence in the chemical industry was even more shaken and the chemical industry itself questioned whether its provisions for protection of the environment, workers, and the general citizens against disasters were adequate (Mannan *et al.*, 2005).

At the Brazilian level, these international societal and regulatory pressures on the petrochemical companies were also felt by organizations operating in the Country. In 1986, a survey conducted by ABIQUIM in many Brazilian cities evidenced that fifty-six percent of the surveyed individuals were more concerned with the negative environmental impacts of the chemical and petrochemical industries as compared with other industrial sectors. The majority of the respondents did not trust the chemical companies and demanded that the government should impose more stringent controls on them through much more rigorous legislation (Soares and Demajorovic, 2006 *apud* Johnson, 2000).

Despite the international and national evidence, the response of the Brazilian chemical and petrochemical was slower than in the Canada and United States. As compared with the chemicals industries in those countries, which launched their Responsible Care Program (RCP) initiative in 1985 and 1988 respectively, as a response to those pressures, the chemicals sectors in Brazil did not launch their RCP until 1992. According to Soares and Demajorovic (*ibid*), the RCP was mainly motivated by factors associated with the public image of the industry, with the anticipations of tighter future legislation resulting from these large accidents and from the increasing perception of the hazards of industrial pollution. They further stated that, as pressures increased, the chemicals industry became more conscious of the potential consequences: bad reputation, increasing governmental intervention and difficulties in obtaining locations for new facilities (*ibid*).

These efforts evolved in Brazil as the societal, governmental and market demands for cleaner and less hazardous chemical and petrochemical enterprises became stronger. On

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<sup>114</sup> "The Bhopal disaster, also referred to as the Bhopal gas tragedy, was a gas leak incident in India, considered the world's worst industrial disaster. It occurred on the night of 2–3 December 1984 at the Union Carbide India Limited (UCIL) pesticide plant in Bhopal, Madhya Pradesh. Over 500,000 people were exposed to methyl isocyanate gas and other chemicals. The toxic substance made its way in and around the shanty towns located near the plant. Estimates vary on the death toll. The official immediate death toll was 2,259. The government of Madhya Pradesh confirmed a total of 3,787 deaths related to the gas release. Others estimate 8,000 died within two weeks and another 8,000 or more have since died from gas-related diseases". (source: [https://en.wikipedia.org/wiki/Bhopal\\_disaster](https://en.wikipedia.org/wiki/Bhopal_disaster))

the industry side, a sustainability culture started to develop within petrochemical organizations and evolved during the last twenty years. This culture evolved because it was realized that the sustainability of the industry was strongly bonded to its social acceptability, i.e. that its practices must be socially responsible and acceptable and must be committed to the socio-environmental sustainability of the planet or it will lose its right to operate. In addition, it must act preventatively, in light of increasing evidence that it is dependent on the planets' limitations, imposed by the natural physical and biological laws, to supply indefinitely the sector with material and energy (cf. Appendix I).

This view is being integrated into the petrochemical sector as evidenced by the results of this thesis researcher's in-depth interviews (cf. Chapter 7) conducted with its top and mid-level managers and key decision-makers. These results showed that the sustainability and sustainable development concepts and beliefs pervaded the companies and that it is the result of the national and international efforts and initiatives that have been conducted by environmental agencies, environmental NGOs, the petrochemical companies and trade associations throughout the last decades.

Consequently, the issue of reconciling the industry's self-interests of being profitable with the broad societal sustainability goals is one of the greatest challenges that is being and must increasingly be faced by modern industrial societies.

This is the background upon which this thesis research was conceived and matured throughout the last five years.

The timeline of the evolution of the behavior of the basic and intermediate petrochemicals producers from a completely reactive posture to sustainability searching organizations coincided with the timespan of the professional activities of this researcher, as a chemical and environmental engineer. Along this period, a great personal interest evolved regarding how changes could be operated to help to develop a more sustainable petrochemical enterprise.

This thesis author acknowledges that this aspiration involved initiatives that are complex, extremely challenging and is comprised of numerous variables that are impossible to be covered by a single individual in a lifespan. In this respect, this author's experience in working in source pollution control, in the petrochemical domain, generated an intrinsic interest on technological change and innovation processes (its determinants, agents and instruments) aimed at the development of viable alternatives for helping the sector to generate the next generation of environmentally, socially and economically benign technologies for their products, processes and services.

Although progress has been made, most of the petrochemical industry is experiencing a technological lock-in that, according to Arthur (1989), could/should be supported by learning effects and increasing returns to scale, supply-side factors, economies of scale in production, infrastructure availability thus limiting the number of possible directions that technological development may take. In order to overcome such technological states, it is commonly agreed in industrial societies that new, more sustainable types of technological development for the sector's products, processes and services are needed for the reconciliation of the interests of the petrochemical organizations and the interests of societies regarding the triple bottom line in the short and long-term.

The main intellectual premise of this research acknowledges that, for such processes to occur, human's willingness to engage in such change processes is a pre-condition and a

central element. This led this researcher to the domains of behavioral and innovation theories.

In this respect, willingness was examined *via* the operation of a behavioral theory, the Theory of Planned Behavior - TPB (Ajzen, 1991), adapted to the eco-innovation and environmental policy realms and *via* a framework for innovation in sectors represented by the Sectoral Systems of Innovation Framework – SSI (Malerba, 2002, 2004). These elements were used to integrate insights drawn from several bodies of literature in a systematic way in order to produce a behavioral model of the willingness of companies to engage in Green Chemistry and Green Engineering (GCE)-based eco-innovation processes. This behavioral model was used as the framework for the construction, and testing of a quantitative questionnaire that was applied to companies' top and mid-level managers and important decision-makers. The interviewees' answers provided empirical data that were used to reveal companies willingness and to assess the factors that are likely to influence that willingness to be transformed into action to implement GCE concepts and approaches..

This research has examined the propensity of Brazilian petrochemical sector to promote such advancements *via* the incorporation and implementation of the principles of GCE as a means to migrate from current industrial practices, for products and processes, to advanced states of environmental sustainability. This propensity was examined with regard the willingness of companies, in the Brazilian petrochemical sector, as expressed by the perceptions and beliefs of their top and mid-level managers and important decision-makers, to promote technological changes by deliberately engaging in GCE-based eco-innovation processes.

The principles of GCE represent frameworks for the design, development, and implementation of chemical products and processes to reduce or eliminate the use and generation of substances hazardous to human health and the environment and use less quantities of non-renewable materials and energy. GCE have been given importance and the acceptance by specialists representing major chemicals manufacturing companies, consulting and research organizations, sustainability institutes, chemical societies and by a broad range governmental and academia representatives as a sound way to produce the next generation of environmentally benign technologies, products and services for society via a transformed chemical and petrochemical industry (cf. Chapter 2).

In this study, technological changes were interpreted as processes that are designed to achieve advanced states of environmental sustainability by means of the development and implementation of incremental and/or radical solutions achieved by means of technical (eco) innovation processes. In addition, technological changes through eco-innovation were studied as a function of organization's behavioral changes and, therefore, were explored in light of the innovation and the behavioral theoretical fields.

This thesis researcher's premises were:

- If Brazilian petrochemical companies, in the perception of their managers and key decision-makers, have a positive attitude towards accepting GCE and their companies' engagement in GCE-based processes;
- If social and personal norms towards these issues are strong and these agents are prone to comply with these pressures, and
- If companies perceive that they have control over the requisites, capabilities and opportunities to engage in these processes,

they will be willing to effect GCE-based eco-innovative changes. It was assumed that these changes will be better catalyzed and facilitated if influential agents and policy-makers and other stakeholders (i.e. industry, trade association and governmental environmental and non-environmental organizations) are empowered with appropriate information to have a better understanding of the what the determinants of changes are and how to ensure that the conditions to promote those changes are in place. Therefore, plans can be made, resources can be allocated, existing instruments can be better used and new ones can be developed.

## **8.1 Discussions on the Research Questions in Light of the Findings**

As noted in the previous section, the underlying interest of this researcher was to contribute to the ecological modernization of the Brazilian petrochemical companies and sector *via* its engagement in GCE-based eco-innovation processes as a means to engage in more ecologically sound practices.

Changes towards ecological modernization, as towards other sustainability initiatives, are the types of behavioral changes that are both wide in scope and deep in complexity as they are conceived and effected based on a large number agents and dissimilar variables. Corporate behavioral changes in this direction require a good understanding of the nature of the challenges, of its influencing factors and are a function of the perception and beliefs of the decision-making agents regarding these elements. This ultimately defines willingness to change, which indicates how hard people are willing to try, or how much of an effort they are planning to exert in order to perform this behavior change.

In this regard, the purpose of this research was to provide an extensive view on the attitudinal, social and personal normative elements and on the perceived control over technological and organizational capabilities that influence companies' willingness to engage in GCE-based eco-innovation processes in the context of the research. Therefore, it was expected to contribute to the promotion of the, managerial and technological shifts to expedite initiatives that are theoretically supported by the GCE frameworks. In addition, the main influential agents to the implementation GCE at the Brazilian petrochemical sector and companies levels were identified and their roles were discussed.

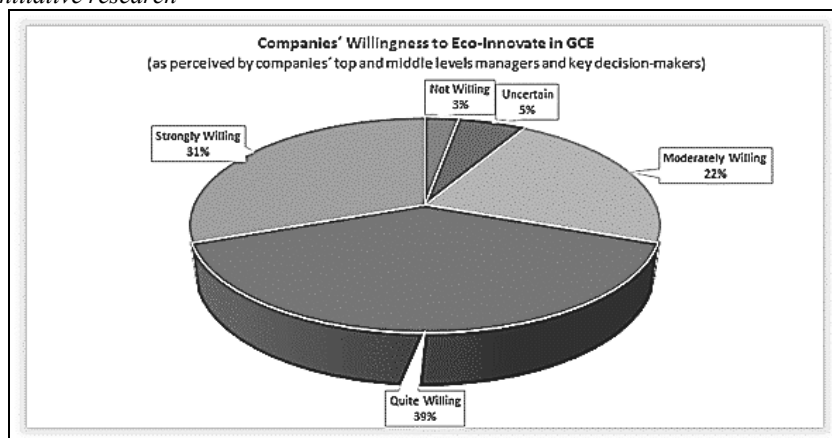
This research also contributed to the field of policy analysis and design as recommendations, based on the research findings, were made for policy development by governmental bodies, by companies and trade associations. The research findings fully addressed the three research questions.

### **8.1.1 Yes, the Brazilian Petrochemical Companies are Willing to Engage in GCE-Based Eco-Innovation Processes**

The first research question addressed the extent to which the surveyed companies were willing to engage in eco-innovation processes. In order to explore this question, the concept of behavioral intention of the TPB was used to assess the willingness of Brazilian petrochemical companies to engage in such behavior, as perceived by the companies' top and mid-level managers and key decision-makers.

The result of the quantitative and qualitative surveys indicated that the surveyed companies not only accepted GCE as viable baseline frameworks towards technological change, aimed at conducting the sector to more advanced states of sustainability (social, economic and environmental), but they were also willing to engage in GCE-based eco-innovation processes. Such argumentation is pictorially presented in Figure 8.1

Figure 8.1- Companies' willingness to eco-innovate in GCE as perceived by companies' top and mid-level managers and key decision-makers as evidenced by this research's quantitative research



Source: author

This result was not received with expressions of surprise. Based on this thesis researcher's experience in the Brazilian petrochemical domain, it was clear that in the last decades, because of the pressures to which the sector has been submitted to, the petrochemical industry has undertaken efforts to *greening* and to improving its products, processes and services in order to re-gain societal confidence.

Although stated in many different ways, the respondents agreed upon the drivers for the acceptance and implementation of GCE-based approaches. These drivers were based upon the conceptual grounds associated with the social, economic and environmental dimensions of sustainability and with the companies' responsibility to contribute positively to societal and corporate sustainability.

According to independent observations (cf. Johnson, 2000, Soares and Demajorovic, 2006) and to this thesis researcher's quantitative and qualitative surveys, the sector's sustainability culture building can be exemplified by the chemical and petrochemical's industry flagship initiative: the Responsible Care Program (RCP). In spite of criticisms regarding its implementation, operationalization and, it sometimes being considered to be a "comfort blanket" (ENDS, 2005) for the companies, the RCP has evolved beyond aiming at short terms goals of achieving public credibility. Currently, the Responsible Care Global Charter<sup>115</sup>, is addressing new, long-term, challenges facing the chemical industry and global society, including the growing public dialogue over sustainable development, public health issues related to the use of chemical products and the need for greater industry

<sup>115</sup> [http://www.icca-chem.org/ICCADocs/09\\_RCGC\\_EN\\_Feb2006.pdf](http://www.icca-chem.org/ICCADocs/09_RCGC_EN_Feb2006.pdf)

transparency. According to ABIQUIM, the RCP, in the Brazilian context, has capillarity with other globally accepted sustainability initiatives as they provided important contributions for the development of the RCP's directives (e.g. UN Global Compact; requisites of norms such as ISO 9000, ISO 14000, ISO 2600 OHSAS 18001<sup>116</sup>, SA 8000<sup>117</sup>, AA 1000<sup>118</sup>; National Quality Prize)<sup>119</sup>. In Brazil, the implementation of the RCP is mandatory for all *Brazilian Chemical Industry Association* (ABIQUIM) members.

It is important to note that this research has evidenced a significant array of initiatives, driven by the RCP requisites, based on globally accepted initiatives such as:

- The UN Global Compact Initiatives;
- The principles of the “Green Economy” that are being promoted by the United Nations Commission on Sustainable Development (CSD) and by the United Nations Environmental Program (UNEP);
- Chemical safety initiatives;
- REACH (Registration, Evaluation, Authorization and Restriction of Chemical Substances);
- The International Council of Chemical Associations’ (ICCA) Global Product Strategy Program (GPS);
- OECD Guidelines for Multinational Enterprises (OECD, 2000);
- The Dow Jones Sustainability Group Indices (DJSI, 1999);
- The National Quality Prize;
- Global Reporting Initiative’s (GRI) guidelines;
- The Balanced Score Card (BSC) for development of sustainability indicators.

This was attested to Brazilian national and foreign petrochemical company and trade association’ official and publicly disclosed declarations, corporate policies and sustainability reports and signed CEO’s commitment regarding the protection and development of the triple bottom line. In this research, this was empirically documented by the verification of such documents and by the interviewed managers’ reactions to the qualitative survey’s questions regarding their perceptions of the importance of sustainable development and sustainability for the petrochemical sector and to their perceptions of the benefits of GCE to their companies and to the sector (cf. Section 7.4.1).

Their responses provided a clear picture of the high importance that was given, by the surveyed Brazilian petrochemical companies, to incorporate sustainability and its relationship to their firm’s short and long-term survival. It also revealed that the underlying motivations encompass the multi-dimensions of the concept of sustainability represented by its social, economic and environmental pillars.

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<sup>116</sup> OHSAS 18001 is a British Standard for occupational health and safety management systems. It exists to help all types of organizations put in place demonstrably sound occupational health and safety performance programs. It is widely seen as the world’s most recognized occupational health and safety management system’s standard.

(source: [http://en.wikipedia.org/wiki/OHSAS\\_18001](http://en.wikipedia.org/wiki/OHSAS_18001)).

<sup>117</sup> SA8000 is an auditable certification standard that encourages organizations to develop, maintain, and apply socially acceptable practices in the workplace. (source: <http://en.wikipedia.org/wiki/SA8000>)

<sup>118</sup> “AccountAbility’s AA1000 series are principles-based standards to help organizations become more accountable, responsible and sustainable. They address issues affecting governance, business models and organizational strategy, as well as providing operational guidance on sustainability assurance and stakeholder engagement. The AA1000 standards are designed for the integrated thinking required by the low carbon and green economy, and support integrated reporting and assurance”. Source: <http://www.accountability.org/standards/>.

<sup>119</sup> [http://abiquim.org.br/atuaaoresponsavel/arquivos/ar\\_apresentacao.pdf](http://abiquim.org.br/atuaaoresponsavel/arquivos/ar_apresentacao.pdf)

The observed sustainable culture currently held by companies supported their managers and key decision-makers' declared willingness regarding the use of GCE as a baseline framework for the promotion of technological changes towards advanced sustainability states of their companies. It was also common sense among these companies that the promotion and the dissemination of the GCE principles at the petrochemical sectoral level provides important elements for stimulating the engagement of companies in GCE-based initiatives.

As the concepts of sustainability and sustainable development are being integrated within the Brazilian petrochemical companies' policies and directives, this research revealed they are advancing beyond willingness to change to implementing a significant array of technical and non-technical initiatives towards cleaner and more sustainable products and processes (cf. Section 7.4.1). Such argumentation was supported by the fact that, even though not directly associated with the GCE frameworks, some directives, guidelines and principles that have been incorporated within the company's policies, goals, procedures and production processes matched many of the GCE principles (cf. *ibid*). Those types of incorporation have been implemented both in a planned and structured manner as well as in an intuitive fashion.

### **8.1.2 What Determines Brazilian Petrochemical Companies' Willingness to Engage in GCE-Based Eco-Innovation?**

The second research question addressed the perceptions of the top and mid-level managers and key decision-makers, within the Brazilian petrochemical companies, regarding the determinants of their companies' willingness to engage in CGE-based eco-innovation processes

Based on this research's TPB-based structural descriptive behavioral model, in conjunction with statistical analyses, it was possible to identify the significant determinants that influence companies' willingness to engage in such eco-innovation processes. These findings helped this researcher to draw a profile of the companies' perceptions and engagement in GCE-based innovation processes (cf. Section 7.1 of Chapter 7).

The results of the statistical analyses demonstrated that the behavioral model's three willingness-determining constructs provided significant contributions to explain and to predict willingness in the context of this research.

#### **Requisites and Opportunities for Innovating: There is Still the Need for Enhancing Governmental Support**

According to the statistical analyses, greater contributions to willingness, in this construct, had their roots in companies' perceived behavioral control regarding GCE culture building, technological and organizational capabilities to innovate, technological opportunities, knowledge development, learning processes and their engagement in innovation networks and strategic alliances.

These findings corroborated the TPB argumentation regarding the importance of the perceived behavioral control (*PBC*) in predicting behaviors that are not entirely under

volitional control. As noted in Section 7.2, the *PBC* relationship with the actual behavior was based on two rationales:

- “Holding intention constant, the likelihood that a behavior will be carried out increases with greater perceived behavioral control, and
- Perceived behavioral control will influence behavior directly to the extent that perceived control reflects actual control. In parallel, perceived behavioral control works in parallel with attitudes and subjective norms as a determinant of intentions”. (Armitage and Conner, 1999; 36).

Based on these elements, it can be argued that the higher influence of the *PBC* construct on behavioral intention (willingness), demonstrated companies’ confidence that they hold key technical and organizational requisites and opportunities to eco-innovate in GCE and that their influence are likely to facilitate and/or to increase their engagement in these processes.

Surprisingly, institutions were not perceived as a great contributor to companies’ willingness to engage in GCE-based innovation processes. It was an unexpected finding as institutions provide general and specific sets of social and economic behavioral control elements, which establish the required order and support for innovation processes to function and to exist

This perception of the low contribution of institutions can be explained by the results of this research’s quantitative survey. In general, although a slight majority of managers and key decision-makers perceived that the existing institutional set was positive for the development and the functioning of innovation processes, a breakdown in these perceptions provided a clearer picture of the barriers to innovation associated with innovation.

Although managers manifested positive perceptions regarding corporations’ internal institutions and regarding Brazilian and international legal institutions in providing support and protection and risk reduction in the case of the establishment alliances and agreements, with other actors, towards the development/acquisition of GCE-based technologies, other institutional domains failed to make positive contributions to companies willingness to change.

According to a majority of the managers, current political and public institutions (laws, decrees, programs, policies etc.), at the Federal, State and Municipal levels, were not sufficient to stimulate companies to engage in innovation processes. This perception was corroborated by this research’s qualitative survey in which claims for governmental GCE-based innovation supportive institutions were recurrent not only by companies’ managers but also by the personnel of the surveyed Environmental Protection Agencies (EPA). In addition, the research evidenced a clear uncertainty regarding the effectiveness of the current social and ethical institutions, commonly found in the business relations, to generate the required confidence for their companies to become more involved in innovation activities with external agents. In this respect, this author highlights and emphasizes the recommendations made in Section 7.6 of Chapter 7 on the need for petrochemical companies, ABIQUIM, EPAs and other important stakeholders to work individually and in conjunction with other partners in order to develop institutional frameworks to stimulate and facilitate innovation processes within the companies and throughout the sector.



## **Social and Personal Pressures: The Power of the Moral Norms and the Pressures from the Market, Communities, and Regulators/Regulators**

The second highest contributions to willingness formation, stemmed from the behavioral model's social and personal norm construct. Willingness development associated with social and personal norm, refer to the personal moral beliefs regarding individuals' engagement in eco-innovation processes and to the internalization of the social pressures from important referents regarding the development or the incorporation of cleaner and more sustainable products, processes and services.

The first points that should be noted were the high sense of moral obligation of the respondents regarding environmental protection and their high self-identification with respect environmental issues. This corroborates their responses to the qualitative survey when they declared their full agreement with the sustainability concepts and made strong statements regarding the need for cleaner and more sustainable GCE-based solutions for their companies' products and processes.

In this respect, managers' perceptions of their professional roles regarding environmental protection appeared as one of the main determinants of willingness. Social roles are intrinsically related to social norms in the sense that roles are a product of social norms and social norms can be a product of roles as some norms are intensely *role-specific* (Sunstein, 1996). According to Lopopolo (2001), the role incorporated by individuals in a group is formed by a reoccurring exchange of expectations between societal groups' members and role incumbents. According to Triandis (1997), the role's concept, holds the ideas about the correct behavior for a specific position that a member of the organization holds.

According to this thesis author's perception, this finding is a product and reflects the influence of two factors on managers' professional roles regarding the environment and sustainability. The first relates to the environmental protection and corporate and planetary sustainability culture, bonded to managers' belief system (cf. Section 7.4.1), that has been progressively built within the Brazilian petrochemical sector in the last two decades. The second is related to the social pressures arising from societally important referents such as trade associations, the regulators, the regulatory set and communities. This was evidenced by the positive statistical correlations between the direct measures of the professional roles and social pressures in this researcher's behavioral model.

In the social and personal norm construct, social pressure emerged as the highest influential domain to willingness formation. In this thesis research, these pressures were considered to arise from three sources: market, community and regulatory (regulation and regulators). These pressures and influences were verified by the research's quantitative and qualitative surveys.

In this respect, companies were found be sensitive to market pressures arising from the competitive context and to the consumer demands for cleaner and more sustainable products, manufacturing processes and services. The majority of industrial respondents were found to be in favor of being pioneers in product and process technologies. This suggests an inclination to fulfill market's pressures and demands for more sustainable goods and for a cleaner environment and for the need to stay ahead of their competitors.

The influence of regulations and regulators on willingness formation corroborates the literature on environmental protection in industry (cf. Montalvo Corral, 2002). In those

studies, the enforcement of environmental regulations represents a major drive of corporate engagement in environmental protection. According to the results, two streams of regulators/regulations have been identified. The first refers to the governmental environmental protection sphere and mandatory regulation compliance. This was associated with EPAs' role as environmental regulation enforcement agents and environmental legislation developers and improvers. The second stream, regards companies' deliberate initiatives to improve their environmental performance and to make advancements towards advanced states of corporate sustainability by complying with prevention-oriented agreements and commitments. Such efforts to make changes were represented by the pressures arising from the trade association and from companies' bi or multilateral agreements and initiatives aimed at improving their relations with the triple bottom line. That is, they are aware that they are likely to be more profitable and socially accepted if they are more environmentally friendly and receive less criticism from the public.

One important finding was the evolution of the relationship between EPAs and companies. The surveyed EPAs, although keeping strong emphasis of their role of legislation enforcers, they have broadened their spectrum of strategies and included cooperative efforts with companies and other important stakeholders towards meeting societal broader environmental interests and expectations. These evidences indicated that although the EPAs are required by law to enforce legislation, a cooperation and joint environmental planning culture has evolved, in the surveyed companies and the EPAs, as requisites for expediting the petrochemical companies' advancements towards more environmentally, socially and economically sustainable states. Thereby, problems and solutions can be detected and discussed in an effective manner with the more efficient use of human and financial resources.

The researcher's quantitatively analyzed cases in which the close participation of the EPA throughout companies' environmental licensing process, from the identification of the environmental risks and their impacts through the establishment of deadlines for their solutions and follow-up. The constant dialogs and negotiations have helped to overcome the usual bureaucracy. According to the respondent, this stimulated companies to make real changes and advancements beyond compliance with the existing legislation.

With respect to community pressures, companies were documented to be susceptible to managers' personal and corporative referents and declared their motivation to comply with their environmental responsibilities. One important finding was that communities' current environmental lobbying capability did not pose much concern for the majority of respondents.

It is this thesis author's perception that companies are likely to perceive that current local communities' articulations and political support are not yet powerful enough to cause concerns regarding the need for companies to undertake profound technical changes. However company leaders expressed the opposite perception when they reflected upon communities' future lobbying capabilities.

In this case, concerns were significant, which suggested that companies are likely to perceive that they must continue to evolve with regard to societal concerns regarding human health, the environment and the socio-economic sustainability of societies. In this respect, the results suggested that companies captured trends and projected a relevant socio-political evolution of societies with respect the tippie bottom line, which will lead to stronger political, regulatory, market and tighter societal pressures on the petrochemical industry with regard to the hazards, the pollution and nature depletion potential of its

manufacturing processes and products. It is clear that these perceptions are the result of companies' communication programs with stakeholders and their interactions with communities *via* the Consultive Communities Councils. The implementation and the operationalization of the Consultive Communities Councils are a requirement of the RCP, because they establish direct and permanent communication channels among companies and the local communities.

### **Attitudes Towards GCE: Environmental and Economic Risks do not Preclude Willingness to Innovate**

The attitude construct, was one of the three constructs that were systematized to provide a framework that could address this researcher's questions. Attitudes are indices of the degree to which individuals like or dislike, approve or disapprove, agree or disagree with any aspect of her or his life. It is the positive or negative evaluation of performing a behavior (Montalvo Corral, 2002).

In this domain, economic risk provided the largest contribution to willingness formation. Although companies perceived that GCE-based eco-innovation processes imply some degree of financial and technological risks, they also perceived that such processes could conduct companies to take advantages of the business opportunities and to appropriate the benefits of innovation.

Based on these findings and on the results of the research's qualitative survey, it is clear that the surveyed Brazilian petrochemical companies' managers were convinced that producing cleaner, more sustainable and safer GCE-based products and manufacturing processes imply in environmental and socio-economic benefits. According to this view, benefitting from the business opportunities, which may arise in the near and in the far future, justify the engagement of these organizations in GCE-based eco-innovation processes. According to this researcher's findings, based on empirical evidence and on his personal observations, companies' consumers' claims regarding innovative, cleaner and more environmentally friendly products are perceived by companies as not only a momentary event but also as strong trend for the future. This established a correspondence between the sense of business opportunities for GCE-based eco-innovative and more sustainable products, processes and services with being successful in overcoming the selection processes imposed by nature, by the market and by societies despite the intrinsic technological and financial risks that eco-innovation implies.

With regard to environmental risk perceptions of the surveyed managers and decision-makers, they had low influence on willingness formation. According to one of the premises, adopted for this thesis research, companies that perceive that their operations are safe are less prone to eco-innovate. The results suggested that low perceptions of environmental risks produced a sense of safe operations in "one of the, or maybe the, most polluting sector in industrial societies" (Mol, 1995: 87).

For the purposes of this research, the environmental risk perception concept was expressed by how and why individuals perceive technologies and activities as (environmentally) risky or safe and, as a consequence of such perception, accept or reject that risk.

The results of the quantitative survey revealed that although the majority of the managers and decision-makers perceived that the risks generated by their companies were low, 91.7 percent of them gave high importance to the development or adoption of cleaner and more

sustainable technologies, such as those that are based on GCE, for their companies' products, processes and services.

Although this might appear to be paradoxical, the foundations for these perceptions may be explained based upon two streams of motivations.

The first relates to a defensive posture of the respondents. Although, anonymity of the respondents to this thesis research's quantitative survey was a highest and inviolable principle, nevertheless some respondents might have been defensive in order to protect themselves and their companies.

The second and more likely explanation has been elicited in indirect manner by the in-depth interviews. When confronted with the results of the quantitative survey regarding the low environmental perceptions of the managers and key decision-makers, it was highlighted that although the intrinsic risks of companies' operations and products were high, the risk control measures used in such operations put them under control or reduced the occurrence of environmental risky events to low probabilities. Despite such argumentation, the respondents were unanimously in favor of the use of GCE as a baseline framework for the promotion of technological changes towards advanced sustainability states of their companies.

The attitude of the respondents towards GCE reinforces and matches their declared commitment to the planetary and corporative sustainability that was expressed in the in-depth interviews. Their perception of low environmental risks of their companies' operations suggests a technological lock-in where the concept and the sense of safe operations is prioritized by risk reduction initiatives upon reducing exposure that were conducted *via* risk control measures and not by reducing risks acting directly on their unsustainability roots. That is, by promoting more, deeper technological changes aiming at reducing the intrinsic hazards associated with the properties of the chemical substances and with the processes design.

Therefore, they perceived that their companies' operations were/are safe. This evidenced the need for effecting a change regarding the notion of safe and risky operations by shifting the focus from the risk control measures to the risks associated with the intrinsic properties of the chemical substances. This will not only have influence on the toxicity of the chemical substances but it is also expected that it will have effects on the resources and energy consumption that can be achieved by the new design approaches for products and production processes that operate under safer and more cost-effective operating conditions.

This research findings suggested that the failure in identifying the technological origins of firms' environmental risks may impede the company from determining the fundamental needs towards advanced states of sustainability. It may preclude the firm from identifying the need for innovating and making more appropriate choices regarding the innovative technological paradigms, regimes and trajectories and solutions that are required to take the corporation to advanced states of sustainability in more efficient and expedite ways.

### **8.1.3 Agents, Mechanisms and Actions to Implement GCE at the Brazilian Petrochemical Sector Level**

This thesis research findings are in full harmony with Ajzen's (2005: 113) statement regarding behavioral intentions. According to him, "intentions are assumed to capture the

motivational factors that have an impact on a behavior, they are indications of how hard people are willing to try, or how much of an effort they are planning to exert in order to perform a behavior. These intentions remain behavioral dispositions until, at the appropriate time and opportunity, an attempt is made to translate the intentions into action”.

In this respect, questions one and two of this research addressed companies’ behavioral intentions (willingness) and its main determinants. The third research question, addressed the last part of Ajzen’s statement in which intentions remain behavioral dispositions until, at the appropriate time and opportunity, an attempt is made to translate the intentions into action.

The translation of intention to engage in GCE-based eco-innovation processes into action is contingent on the engagement of organizations’ leaders who will ultimately effect the required actions for the introduction, the dissemination and the implementation of GCE.

The results of this research revealed that the success of GCE implementation in an orderly, structured, systematic and systemic way can be much expedited if meso-level (sector-level) and micro-level (company-level) agents are fully engaged and committed and the sector’s structure, instruments and institutions are used to promote and incentivize GCE implementation throughout the entire sector.

According to the perception of this thesis author, this could promote an evolution from isolated initiatives, at the company level, into an expansion to collective and systemic efforts. The evidences suggested that the implementation of GCE at the sector level could incentivize, facilitate and strengthen the implementation of GCE and the development of GCE-based eco-innovation processes at the companies’ level. This collective effort could produce effective GCE supporting structures represented by new and more effective institutions, stronger ties with an array of governmental and non-governmental stakeholders, which can be developed based upon ABIQUIM’s and the companies’ commitment to incorporate GCE into their policies and practice.

The incorporation of GCE at the sector level is a multi-agent and a multi-mechanism enterprise. The thesis results demonstrated that companies, ABIQUIM and the EPAs stood out as the main agents in this processes. These agents, in association with a variety of other stakeholders (government, academia, press, communities etc.) and by utilizing existing and custom developed dynamics and instruments, can provide the required leadership, institutional and political support and human and financial resources for the GCE frameworks to be implemented as guiding principles and basic frameworks towards technological changes and corporate environmental and economic sustainability.

For the Brazilian petrochemical industry, at the company and the sectoral levels, to implement GCE it is required that the leaders of these organizations depart from their current state of willingness and take leadership by discussing, planning and implementing actions. These actions will progressively introduce and consolidate the GCE frameworks and promote GCE-based individual and collective initiatives as a means to achieve the industry’s short, medium and long-term environmental and socio-economic objectives.

This argumentation reflects the perception of one of the respondents of this thesis research’s in-depth interviews. When asked about his opinion on this thesis research and its results he stated that “if this research and its results reach and are acknowledged by

important decision-makers, 'the right people', substantial progress can be made in terms of behavioral change and investments efforts (human, knowledge, capital etc.) towards sustainability.

## **8.2 The use of the Method's for the Analysis and Design of Policies**

This research was primarily conceived and developed to help top and mid-level managers and key decision makers in the individual organizations and in the industrial sectors to gain a better understanding and to assess the possible determinants of implementation of eco-innovation. This was expected to make it possible to engage in the development of strategies that are more efficient, better planning for implementing eco-innovation processes and provide help to conduct a better allocation of human and financial resources.

A secondary objective was also established. It expanded the primary objective and focused upon the use of the eco-innovation determinants to generate suggestions and to help policy analysts, at the corporate, sector and governmental domains, to design specific eco-innovation policies. The main supporting argument for this approach is that policies that are designed based on a good understanding of the nature of the challenges of eco-innovating in GCE, in specific contexts, can be better formulated to provide policy-makers with clearer idea on what is and what is not possible to do. In addition, plans can be better formulated to overcome barriers and enhance companies' strengths.

In this respect, although this research identified the determinants of companies' willingness to engage in GCE-based eco-innovation processes, policies/strategies that encompass the integrity of them may not be viable in terms of conception, integration, resources, implementation timing and costs. Good policies/strategies can be designed and resources can be more efficiently allocated in cases that they are based on specific conditions that have better chances of success with the use of fewer resources.

The simulations conducted in Section 7.2 of Chapter 7 identified the most favorable conditions under which willingness could be enhanced. These conditions provided elements for policies development that stemmed from five out of the nine behavioral domains of this research's behavioral model. As a result, willingness determinants belonging to the environmental risks, economic risks and business opportunities, social pressures, knowledge and technologies and agents and networks behavioral domains were used to make recommendations for governmental, sectoral and corporate eco-innovation supporting policies.

This method, gives policy analysts a valuable, selective, systemic and integrated perspective of eco-innovation determinants instead of focusing on isolated elements. This holistic approach can support the development of innovation policies that are generated based on judicious scientifically-based look inside the companies with a very strong focus on the sources of willingness to eco-innovate in GCE and addressed the origins of the problems and not only focused upon the symptoms of their inattention.

The method could be criticized from the point of view that it was not necessary to develop such an elaborate method to propose such policy suggestions. In principle, this is wrong in that the goal of policy analysis is to gain a better understanding of the possible ways of acting and of the possible responses to specific determined policies (Montalvo Corral, 2002). This can generate the required knowledge and the understanding on the elements that are important for the promotion of changes in the behavior of individual companies or

of whole sectors *via* the development of effective policies that address key points and help to promote the reconciliation of companies' self-interests of being profitable in the short and long term with societal environmental needs and aspirations.

### **8.3 Reflections on the Research**

#### **8.3.1 Theoretical Contributions of the Research**

This research belongs to a stream of studies that approach innovation in light of its behavioral aspects. Usually, successful innovative efforts are seen as being a function of their cognitive capacities and abilities. These cognitive resources can be traced to the agents that are directly or indirectly engaged in the innovation processes (Beckenbach and Daskalakis, 2008; Montalvo Corral, 2002). Thus, in accordance with Beckenbach and Daskalakis (*ibid*), this thesis author has the opinion that analyzing the behavioral foundations of innovation should be viewed as a main topic in this domain. In addition, they argued that agent-related surveys have their legitimate place in innovation research, since they enable a disaggregated assessment of observable innovation elements and enable one to take into consideration innovation determinants, which cannot be observed with the usual toolbox. In this regard, empirical surveys for investigating these elements are also important for theory formation.

Many studies have explained behavior in light of cognitivism. In these cases, behavior was explained as a function of individuals' mental operations (perceptions, beliefs and attitudes), which are produced by cognitive processes (e.g. attention, memory, information processing, knowledge application, producing and understanding language, problem solving, decision-making). According to the cognitivist approach, these mental operations can be explained by the use of experiments, measurements, and the scientific method; they may be described in computational terms. Empirical surveys for investigating these elements are also important for theory formation.

In this respect, and in order to achieve the aforementioned objectives, in this thesis research, a multidisciplinary approach was used with an organizing framework that was based upon social psychology. The meta-theoretical characteristic of the TPB allowed for the development of a TPB-based organizing framework, which integrated several bodies of research to explore the phenomena under investigation in a systematic manner. This provided great flexibility in the sense that a behavioral model could be constructed or modified according to the needs of the study, instead of allowing the study to be molded according to the possible rigidities of the model.

Taking advantage of this flexibility, the largest contribution of this thesis research to innovation studies was the development of an organizing framework for the study of the behavioral determinants of innovation in sectors. Although, behavioral aspects of innovation, in the industrial realm, have been examined by Montalvo Corral (2002), his study was not devoted to consider innovation in light of theoretical grounds that are specific to innovation in sectors. By merging the TPB and Franco Malerba's (2002) Sectoral System of Innovation (SSI) framework, it was possible to develop a behavioral model that represented an organizing framework and analytical tool that allowed for a more detailed view on the behavioral determinants of innovation in sectors.

Based on the foundations of the TPB, it was possible to verify that eco-innovating in GCE is part of the list of behaviors that cannot be assumed to be under volitional control as it is fully dependent on the availability of skills, resources and opportunities. In this regard, according to the SSI framework, innovation in sectors are a function of elements as diverse as knowledge and learning processes, technological opportunities, technological and organizational capabilities, the appropriability of innovation results, capabilities to form and join innovation networks and strategic alliances, and institutional set, which are not always perceived to be under volitional control.

The assessment of the extent to which companies perceived that they have control over sector- specific resources and opportunities, represented by the building blocks of the SSI, represents a significant and powerful approach to help to develop appropriate measures and policies to stimulate and to promote the engagement of companies in sectoral eco-innovation.. This is expected to enhance the likelihood of success as, according to the TPB, the perceived behavioral control over resources and opportunities to innovate will influence behavior directly to the extent that perceived control reflects actual control. Also, perceived behavioral control works in parallel with attitudes and subjective norms as determinants of intentions (Armitage and Conner, 1999).

### **8.3.2 Generalization of the Method**

According to the TPB, behavioral entities may be viewed as being defined by four different elements (a) the *action* (a given action is always performed with respect to a given target), (b) the *target* at which the action is directed, (c) the *context* in which the action is performed, and (d) the *time* at which the behavior is performed. This provided a reference point and a target behavior for the development of the research' structural descriptive behavioral model and its related quantitative questionnaire (cf. Chapters 3 and 6). It is plausible that a question arises on the possible generalizations of this research model. The response to this question resides in the capacity of the model to measure the willingness constructs under investigation in different contexts and on the origin of the elements used to construct the model.

The capacity of the model to be used to measure the constructs under investigation was tested with regard to its statistical validity and the reliability of the structured quantitative questionnaire. This represented a decisive step in the study as the model could only be relied upon, to provide further understanding on the determinants of companies' willingness to engage in GCE-based eco-innovation processes, after the model had been found to be valid and that the questionnaire was reliable.

In this regard, the questionnaire reliability was found to be reliable as the parameters used to test it were, in general, above the recommended levels by the norms of psychometric tests. The content validity of the model was considered satisfactory as the structure of the empirical data were confirmed to correspond with the theoretical model. In respect to the construct validity, several multiple regression analyses tested the explanatory predictive power of the model and the coefficient of determination of willingness was found to be satisfactory. Similar results were obtained for different domains.

Once these elements were verified, confidence in the results was established and further, deeper investigations were conducted on the motivational aspects based on which companies' top and mid-level managers and key decision-makers responded to the quantitative survey. This survey was then done *via* a triangulation method by the use of a



qualitative survey. This allowed for the verification of not only Brazilian petrochemical companies' full support to GCE and their willingness to engage in GCE-based eco-innovation processes but also that they have advanced beyond willingness, by implementing some GCE principles. Another important point was that it was possible to verify the importance of the trade association, ABIQUIM, and the EPAs in the promotion, diffusion and implementation both at the company and sectoral levels.

With regard the origin of the elements used to construct the model, the fact that the model was constructed based on relevant bodies of literature rather than on elicited beliefs as originally suggested by Ajzen produced a generalizable model. Owing to the fact that literature is not location-specific, the model can be applied in different regional and national contexts. The weight of the different constructs, domains and beliefs on willingness will be contingent on the perception and the attitudinal, social and personal normative motivational elements and on the perceived control over the requisites and opportunities to eco-innovate in GCE held by key agents in different environmental and socio-economic contexts.

#### **8.4 Final Considerations**

Some considerations emerged from the diverse analyses conducted throughout this thesis research. The first was related to the companies' willingness to engage in GCE-based eco-innovation processes as documented by the surveyed managers in respect to their companies. Such willingness, reflected the awareness of the individuals regarding the need for more advanced states of environmental and socio-economic sustainability of the sector. It also demonstrated their alignment with the current efforts and initiatives of the sector, nationally and worldwide, towards the sustainable development of the petrochemical and chemical industries.

This suggests that, although a transition to more sustainable technological states is currently at its infancy, it seems that those efforts have promoted an evolution of the sector's "collective-consciousness"<sup>120</sup> in respect to the needs for companies' long-term socio-economic and environmental sustainability. The GCE framework appears to provide fertile grounds within which to grow.

The second consideration relates to the verification of the adequacy of the use of the methodology in contexts and industrial realms, which are different from the ones to which it was originally developed by Montalvo Corral (2002).

This methodology uses a cognitive approach, which makes full use of fundamentals from social psychology and links cognitive, normative and instrumental factors into the explanation of the dissonance between cognition, motivations, intentions, goals, plans and actions (Montalvo Corral, 2002).

As this thesis researcher's behavioral model was designed to explain and predict innovation related behavioral intentions in sectors, it is expected that its behavioral model can be adopted by the sector in the development of innovation related policies and strategies based on the causes and not on the symptoms of the problems.

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<sup>120</sup> Collective consciousness is a term coined by the French sociologist Émile Durkheim (1858–1917) to refer to the shared beliefs and moral attitudes, which operate as a unifying force within society. Source: [http://en.wikipedia.org/wiki/Collective\\_consciousness](http://en.wikipedia.org/wiki/Collective_consciousness), accessed in August 2012.

The third remark emerged from the analysis of the importance of the environmental risk perception and its consequences for long-term corporate environmental and economic sustainability. From that analysis, it was found that “there is a clear need to change the local reinforcements of the self-interest that pre-dispose and form the environmental risk perceptions and, as a consequence, determine environmental attitudes” (*ibid*: 197). Such reinforcements preclude managers and decision-makers from envisioning viable and more sustainable futures as if they were blindfolded by their short-term, non-sustainable objectives

Additionally, the next three considerations emerged in the form of recommendations for further research, to be conducted by this thesis research’s author in association with universities and other research organizations, in the future.

Although, this thesis research covered a broad spectrum of beliefs related to attitudinal, normative and instrumental factors that can explain and predict firms’ willingness to engage in eco-innovation processes, due to the type of agents, the level of analysis and the objectives of the study, it has not required the inclusion of detailed economic aspects.

The first direction for further research emerged from the importance of economics in technological innovation. In this respect, and in order to study the influence of the determinants of eco-economic behavioral intention of the social agents, it is recommended that such studies should be conducted by using a modified version of this thesis researcher’s structural behavioral model. The modified version encompass variables pertaining to the fields of innovation and environmental economics<sup>121</sup>. This could provide a valuable contribution to the field of behavioral economics<sup>122</sup>.

Another line for future research could be based upon the possibility of utilizing a systemic approach that uses the statistical results of the survey and the relationships between a larger number of variables in order to more deeply simulate behavioral intentions (willingness). This author proposes that such research could be conducted *via* the use of agent-based computerized models<sup>123</sup> supported by theories such as: game theory, complex systems,

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<sup>121</sup> Environmental economics can be defined as that “part of economics which deals with interrelationship between environment and economic development and studies the ways and means by which the former is not impaired nor the latter impeded.” (Pavithran, 2008: 1)

“Environmental economics seeks to measure the external environmental effects, or costs, of economic decisions and propose solutions to mitigate or eliminate those costs to better manage natural resources and promote social well-being. Unlike traditional economics, which focuses on private ownership of property, environmental economics primarily concerns itself with the management of common or public property, such as lakes, rivers, game and parks. Environmental economics functions on the theory of ‘market failure’. Simply stated, market failure occurs when markets fail to efficiently allocate limited resources in a way that benefits society most”

(<http://www.whatiseconomics.org/environmental-economics>, accessed in April, 2013).

<sup>122</sup> Behavioral economics: “a method of economic analysis that applies psychological insights into human behavior to explain economic decision-making”. (Oxford Dictionaries – accessed in April, 2013 [http://oxforddictionaries.com/us/definition/american\\_english/behavioral%2Beconomics](http://oxforddictionaries.com/us/definition/american_english/behavioral%2Beconomics))

<sup>123</sup> Agent-based modeling is a powerful simulation modeling technique that has seen a number of applications in the last few years, including applications to real-world business problems. (...) In agent-based modeling (ABM), a system is modeled as a collection of autonomous decision-making entities called agents. Each agent individually assesses its situation and makes decisions on the basis of a set of rules. (...) In addition, agents may be capable of evolving, allowing unanticipated behaviors to emerge.” (Bonabeau, 2002: 7280)

emergence, computational sociology, multi-agent systems, evolutionary programming, Monte Carlo methods, neural networks, or other learning techniques to allow realistic learning and adaptation (cf. Bonabeau, 2002). The better understanding of the influences of the determinants of eco-innovation on companies' willingness, in specific contexts, will make it possible to perform more precise policy analyses and, as a consequence, to enable the development of more appropriate policies and strategies, by companies, sectors and governmental agents, to stimulate eco-innovation at company and sectoral levels. It is expected that the identification of such relations can provide an efficient identification of more specific and effective types of collaborations when designing eco-innovation processes.

In order to take advantage of the generalizability of the thesis research's behavioral model, it is recommended to test/apply this model in other contexts. As this research was focused upon measuring and predicting the willingness, of basic and second generation petrochemical manufacturing companies, to deliberately engage in GCE-based eco-innovation processes, in the next five years, similar research could be applied to different petrochemical sectors in different countries on different continents. It could also be tested in other industrial sectors and in organizations, which are primarily service providing such as the hotels, hospitals and food-service sectors.

Such an evaluation could produce valuable information not only on the degree of willingness that companies hold in respect to such engagement, but also valuable information could be generated in respect to the differences and similarities of willingness determinants in different contexts.

This information could be relevant for governments and for the sector's representative associations, worldwide. They could be used in the development of guidance for more efficient policies for promoting GCE as a viable framework to help to reconcile the socio-economic and environmental self-interests of the sector with those pertaining to the broad societal domain worldwide. They certainly could contribute to promoting technological and management transitions to more sustainable societies.

Also, longitudinal studies could/should be done within the Brazilian petrochemical manufacturing companies to document if or how fast companies actually do adopt the GCE frameworks as guiding principles and basic frameworks towards technological changes and corporate environmental and economic sustainability and engage in GCE-based eco-innovation processes in accordance to their demonstrated willingness.

At the conclusion of this thesis research, it can be argued that this study revealed that companies' willingness to accept the GCE frameworks and to engage in implementing GCE-based eco-innovation processes were perceived by the surveyed managers and decision-makers as viable alternatives; this provides baseline guidance for the construction of the next generation petrochemical industry (products, processes and services).

The resultant actions of that willingness are dependent on proper stimulation, on the opportunities, on the availability of resources and on the removal of the barriers that may arise along the way.

In this respect, efforts should be placed on the development and the application of increasingly efficient policies and innovation stimulating strategies at the company, sectoral and societal levels. Such policies should seriously focus upon solving the

problems from the side of their causes and not continue to be focused upon treating the symptoms of the challenges. This thesis researcher hopes and expects that this scientific investigation will contribute to building cleaner and more sustainable societies where mistakes from the past can be overcome and nature's gifts can be preserved.

The future of human societies depends on what we do today and tomorrow. The quality of life we will have in the future will be the consequence of our current choices just as the environmental and socio-economic conditions in contemporary societies are the results of our past decisions.

“The past is done. Finished. The future does not exist. It must be created microsecond by microsecond by every living being and thing in the universe.”

-Edward Teller

“But the future does not yet exist and may not exist for any given individual or even for the whole species. Its truth cannot be discovered and known, but it must be created.”

-Horst Hutter

## 9. Appendix A - Reliability Statistics

Appendix 5 represents a complement to the discussion about the importance of the reliability of questionnaires items in producing consistent results along with deliberations about the theoretical foundations for reliability verification that were conducted in Section 5.6.1, in Chapter 5. It presents the reliability statistics calculation results that were generated from this thesis research's collected empirical data. The results of the statistical analyses, presented in Appendix A, supported the discussion, the explanations and the conclusions, presented in Section 7.6.1 of Chapter 7, related to the reliability of the items of this thesis research's survey questionnaire.

As previously noted, in Chapter 5, the reliability values associated with this research's questionnaire items were assessed through the calculation of the Cronbach's alpha indexes that were applied to the scales and subscales related to this thesis research's TPB-based model's Attitude, Perceived Social Factors Pressures and Perceived Behavioral Control constructs.

*Table 9.1- Results of the reliability calculation for this thesis research survey's questionnaire items*

Scales	Subscales	Scales (Cronbach's $\alpha$ )	Subscales (Cronbach's $\alpha$ )	Deleted items	No. of Items
<b>Attitude</b>					
Environmental Risk		0,743			12
Economic Risk		0,704		ecr12, ecr13 and ecr18	17
<b>Perceived Social Factors Pressures</b>					
Social Pressure		0,960			
	Market pressure		0,912		12
	Social pressure		0,950		15
	Regulatory pressure		0,793		7
Personal Motivations (Roles, Personal Norms and Self-Identity)		0,891			9
<b>Perceived Behavioral Control</b>					
Knowledge and Technologies		0,897			
	Accessibility to knowledge		0,929		7
	Technological opportunities		0,809		3
	Appropriability		0,704		5
	Cumulativeness		0,847		21
Actors and Networks		0,896			
	Availability of internal actors holding key capabilities		0,871		5
	Strategic alliances		0,828		14
	Networks of collaboration		0,796		5
Institutions		0,794			4

## 10. Appendix B - Results of the Statistical Content Validation of this Thesis' Research's Behavioral Model

### B.1 Results of the Confirmatory Factor Analysis Results

#### B.1.1 Principal Component Analysis for the Behavioral Domain Scales

Table 10.1- Measure of sampling adequacy for factor analysis

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.628
Bartlett's Test of Sphericity	Approx. Chi-Square	118.726
	df	36
	Sig.	.000

Table 10.2- Explanation of the total variance of the three factors associated with willingness to engage in CGB eco-innovation processes at the behavioral domains' scales level

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.334	37.041	37.041	3.334	37.041	37.041	2.734	30.375	30.375
2	1.777	19.745	56.785	1.777	19.745	56.785	2.335	25.949	56.325
3	1.256	13.951	70.736	1.256	13.951	70.736	1.297	14.412	70.736

Extraction method: Principal Components Analysis

Table 10.3- Rotated component matrix of the principal component analysis at the behavioral domains' scales level

	Rotated Component Matrix		
	Component		
	1	2	3
sum_evr			.719
sum_ecl			-.675
sum_sp	.649	.421	
sum_rlp		.824	
sum_pn		.697	
sum_si		.843	
sum_ktc	.905		
sum_an	.894		
sum_inst	.763		

Rotation Method: Varimax with Kaiser Normalization

Rotation converged in 4 iterations

Component 1 = Perceived Behavior Control (PBC)

Component 2 = Perceived Social Factors Pressure (PSFP)

Component 3 = Attitude (A)

## B.1.2 Principal Component Analysis for the Direct Measures of the Behavioral Domain

Table 10.4- Measure of sampling adequacy for factor analysis

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.641
Bartlett's Test of Sphericity	Approx. Chi-Square	108.292
	df	36
	Sig.	.000

Table 10.5- Explanation of the total variance of the three factors associated with willingness to engage in CGB eco-innovation processes at the behavioral domains level

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.643	40.474	40.474	3.643	40.474	40.474	3.021	33.568	33.568
2	1.674	18.595	59.069	1.674	18.595	59.069	2.288	25.423	58.992
3	1.174	13.045	72.114	1.174	13.045	72.114	1.181	13.122	72.114

Extraction method: Principal Components Analysis

Table 10.6- Rotated component matrix of the principal component analysis at the behavioral domains level

	Rotated Component Matrix		
	Component		
	1	2	3
EVR			.808
ECR			-.612
SP	.676	.312	
RLP	.597	.583	
PN		.901	
SI		.898	
KTC	.847		
AN	.835		
INST	.820		

Rotation Method: Varimax with Kaiser Normalization

Rotation converged in 4 iterations

Component 1 = Perceived Behavior Control (PBC)

Component 2 = Perceived Social Factors Pressure (PSFP)

Component 3 = Attitude (A)

# 11. Appendix C - Results of the Statistical Construct Validation of this Thesis' Researcher's Behavioral Model

## C.1- Results of the Multiple Regressions Analysis at the Behavioral Model's First and Second Levels of Explanation

### Hypothesis H<sub>1</sub>: Regressions of Willingness to Engage in GCE-based Innovation Processes Against A, PSFP and PBC

$H_1: W = W(A, PSFP, PBC)$
----------------------------

Table 11.1- Model summary (stepwise regression for H<sub>1</sub>)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
3	.806	.650	.613	.730

Dependent Variable: W

Table 11.2- ANOVA calculation results for H<sub>1</sub>

	Sum of Squares	df	Mean Square	F	Sig.
Regression	28.664	3	9.555	19.784	.000
Residual	15.455	32	.483		
Total	44.119	35			

Table 11.3- Regression coefficients for H<sub>1</sub>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
3							
(Constant)	-2.060	1.262		-1.632	.113		
PBC	.748	.167	.536	4.479	.000	.842	1.187
PSFP	.529	.184	.327	2.877	.007	.935	1.069
A	.164	.067	.286	2.456	.020	.889	1.124



**Hypotheses H<sub>2</sub>: Regressions of Willingness to Engage in GCE-based Innovation Processes Against the Behavioral Domains**

$$H_2: W = W(EVR, ECR, PSP, RLP, PN, SI, KTC, AN, INST)$$

Table 11.4- Model summary (enter regression mode for H<sub>2</sub>)<sup>124</sup>

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.851	.724	.628	.738

Dependent Variable: W

Table 11.5- ANOVA calculation results for H<sub>2</sub>

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	37.151	9	4.128	7.574	.000
Residual	14.169	26	.545		
Total	51.320	35			

Table 11.6- Regression coefficients for H<sub>2</sub>

	Model Summary						
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(constant)	-2.051			-1.384	.048		
EVR	.029	1.068	.037	.260	.037	.534	1.873
ECR	.200	.110	.171	.868	.033	.890	1.124
SP	.239	.127	.310	2.757	.011	.586	1.706
RLP	.102	.104	.070	.383	.035	.422	2.369
PN	.088	.230	.052	.826	.016	.416	2.404
SI	.069	.269	.038	.295	.040	.487	2.053
KTC	.210	.132	.233	.060	.023	.506	1.977
AN	.419	.207	.377	2.364	.036	.607	1.259
INST	.050	.108	.055	.460	.049	.670	1.493

**C.2- Results of the Multiple Regressions Analysis at the Behavioral Model's Third Level of Explanation (Regressions of the Behavioral Domains Against their Respective Scales' Variables)**

$$H_3: EVR = EVR(\sum_{b=1}^{12} evr_b)$$

**Hypothesis H<sub>3</sub>: Perceived Environmental Risk**

*Table 11.7- Model summary (stepwise regression for H<sub>3</sub>)*

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
3	,756	,571	,520	1,429

Dependent Variable: EVR

*Table 11.8- ANOVA calculation results for H<sub>3</sub>*

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	68.090	3	22.697	14.218	.000
Residual	51.082	32	1.596		
Total	119.172	35			

*Table 11.9- Regression coefficients for H<sub>3</sub>*

	Coefficients						
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1,316	,673		1,956	,062		
evr7	,534	,121	,626	4,422	,000	,855	1,170
evr2	,346	,160	,296	2,160	,041	,916	1,091
evr11	-,435	,203	-,291	-2,143	,042	,929	1,076

### Hypothesis H<sub>4</sub>: Perceived Economic Risk

$$H_4: ECR = ECR(\sum_{b=1}^{20} ecr_b)$$

Table 11.10- Model summary (stepwise regression for H<sub>4</sub>)

**Model Summary**

Model	R	R Square	Square	the Estimate
2	.702	.492	.458	.860

Dependent Variable: ECR

Table 11.11- ANOVA calculation results for H<sub>4</sub>

**ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.
Regression	21.504	2	10.752	15.988	.000
Residual	22.193	33	.673		
Total	43.697	35			

Table 11.12- Regression coefficients for H<sub>4</sub>

**Coefficients**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	3.450	1.257		2.743	.010		
sum_econom_opport	.104	.023	.578	4.437	.000	.996	1.004
sum_tech_risk	-.128	.046	-.363	-2.787	.009	.996	1.004

### Hypothesis H<sub>5</sub>: Perceived Social Pressure

$$H_5: PSP = PSP(\sum_{b=1}^{12} mp_b + \sum_{b=1}^{15} cp_b + \sum_{b=1}^7 rp_b)$$

Table 11.13- Model summary (stepwise regression for H<sub>5</sub>)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.901	.811	.787	.720

Dependent Variable: SP

Table 11.14- ANOVA calculation results for H<sub>5</sub>

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	69.112	4	17.278	33.306	.000
Residual	16.081	31	.519		
Total	85.193	35			

Table 11.15- Regression coefficients for H<sub>5</sub>

	Coefficients						
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-1.070	.774		-1.383	.177		
rp2	.208	.127	.177	1.641	.111	.588	1.701
rp1	.020	.114	.015	.174	.863	.912	1.096
rp5	.439	.139	.402	3.147	.004	.418	2.392
cp11	.524	.116	.483	4.519	.000	.600	1.668

**HYPOTHESIS H<sub>6</sub>: ROLES**

$$H_6: RLP = RLP(\sum_{b=1}^4 rlp_b)$$

*Table 11.16- Model summary (stepwise regression for H<sub>6</sub>)*

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.399	.159	.132	.788

Dependent Variable: RLP

*Table 11.17- ANOVA calculation results for H<sub>6</sub>*

**ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.
Regression	3.639	1	3.639	6.422	.022
Residual	19.266	34	.567		
Total	22.905	35			

*Table 11.18- Regression coefficients for H<sub>6</sub>*

**Coefficients**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	4.024	1.034		3.891	.000		
rlp4	.392	.162	.399	2.420	.022	1.000	1.000

## Hypothesis H<sub>7</sub>: Personal Norm

$$H_7: PN = PN(\sum_{b=1}^3 pn_b)$$

Table 11.19- Model summary (stepwise regression for H<sub>7</sub>)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
2	.732	.536	.508	.455

Dependent Variable: PN

Table 11.20- ANOVA calculation results for H<sub>7</sub>

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	7.904	2	3.952	19.050	.000
Residual	6.846	33	.207		
Total	14.749	35			

Table 11.21- Regression coefficients for H<sub>7</sub>

	Coefficients						
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	2.662	.661		4.023	.000		
pn3	.302	.089	.465	3.410	.002	.755	1.324
pn1	.315	.113	.380	2.785	.009	.755	1.324

### Hypothesis H<sub>8</sub>: Self-Identity

$$H_8: SI = SI(\sum_{b=1}^2 si_b)$$

Table 11.22- Model summary (stepwise regression for H<sub>8</sub>)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.569	.324	.302	.512

Dependent Variable: SI

Table 11.23- ANOVA calculation results for H<sub>8</sub>

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	4.377	1	4.377	17.951	.001
Residual	8.290	34	.244		
Total	12.667	35			

Table 11.24- Regression coefficients for H<sub>8</sub>

	Coefficients						
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	3.032	.859		3.528	.001		
si2	.525	.136	.569	3.857	.001	1.000	1.000

### Hypothesis H<sub>9</sub>: Control over Knowledge and Technologies

$$H_9: KTC = KTC(\sum_{b=1}^7 ak_b + \sum_{b=1}^3 to_b + \sum_{b=1}^4 app_b + \sum_{b=1}^{21} cmt_b)$$

Table 11.25- Model summary (stepwise regression for H<sub>9</sub>)

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
8	.968	.938	.917	.350

Dependent Variable: KTC

Table 11.26- ANOVA calculation results for H<sub>9</sub>

**ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.
Regression	44.126	8	5.516	50.795	.000
Residual	2.932	27	.109		
Total	47.057	35			

Table 11.27- Regression coefficients for H<sub>9</sub>

**Coefficients**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-1.749	.471		-3.715	.001		
cmt20	.153	.067	.178	2.299	.031	.431	2.318
cmt12	.286	.055	.312	5.229	.000	.730	1.370
to1	.376	.080	.399	4.730	.000	.365	2.736
ak2	.265	.060	.288	4.435	.000	.616	1.624
to2	-.142	.062	-.175	-2.294	.031	.448	2.233
cmt21	.132	.059	.129	2.224	.036	.772	1.295
cmt5	.157	.054	.189	2.915	.008	.619	1.614
cmt17	.140	.063	.142	2.226	.036	.636	1.573



**Hypothesis H<sub>10</sub>: Control over Actors and Networks**

$$H_{10}: AN = AN(\sum_{b=1}^5 avc_b + \sum_{b=1}^{14} sac_b + \sum_{b=1}^5 nwc_b)$$

*Table 11.28- Model summary (stepwise regression for H<sub>10</sub>)*

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.898 <sup>a</sup>	.807	.771	.497

Dependent Variable: AN

*Table 11.29- ANOVA calculation results for H<sub>10</sub>*

**ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.
Regression	27.851	5	5.570	25.104	.000 <sup>b</sup>
Residual	6.656	30	.222		
Total	34.507	35			

*Table 11.30- Regression coefficients for H<sub>10</sub>*

**Coefficients**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-.239	.718		-.332	.742		
avc5	.207	.147	.194	1.411	.049	.580	1.634
nwc3	.260	.079	.317	3.283	.003	.767	1.303
sac7	.405	.104	.561	3.883	.001	.343	2.917
avc1	.441	.137	.359	3.227	.003	.577	1.734
nwc5	-.221	.090	-.283	-2.454	.021	.539	1.857

**Hypothesis H<sub>11</sub>: Control over Institutions**

$$H_{11}: INST = INST(\sum_{b=1}^4 inst_b)$$

*Table 11.31- Model summary (stepwise regression for H<sub>11</sub>)*

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
2	.787	.619	.594	.828

*Dependent Variable: INST*

*Table 11.32- ANOVA calculation results for H<sub>11</sub>*

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	33.491	2	16.745	26.859	.000
Residual	20.574	33	.623		
Total	54.064	35			

*Table 11.33- Regression coefficients H<sub>11</sub>*

	Coefficients						
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.041	.570		1.826	.078		
inst4	.436	.091	.569	4.808	.000	.907	1.103
inst3	.398	.119	.397	3.359	.002	.907	1.103

## 12. Appendix D - Behavioral Domains and Behavioral Domains' Scales Correlation Analysis

Table 12.1- Correlation analysis for the behavioral domain scales (behavioral model's second level of explanation)

	W	EVR	ECR	SP	RLP	PN	SI	KTC	AN	INST
W	1									
EVR	0.184*	1								
ECR	0.370*	-0.130*	1							
SP	0.764**	0,302	0,147	1						
RLP	0.642**	0,112	0,301	0.633**	1					
PN	0.377*	0,141	0,042	0.346*	0.629**	1				
SI	0.053*	0,251	0,213	0,083	0,324	0.738**	1			
KTC	0.702**	0,022	0.502**	0.547**	0.511**	0.388*	0,211	1		
AN	0.818**	0,038	0.625**	0.632**	0.698**	0.348*	0,155	0.757**	1	
INST	0.167**	0,014	0,196	0.207*	0.463**	0,274	-0,009	0.348**	0.342**	1

\* Correlation is significant at the 0.05 level (2-tailed)

\*\* Correlation is significant at the 0.01 level (2-tailed)

Table 12.2- Correlation analysis for the direct measures of the behavioral domains (behavioral model's third level of explanation)

	W	evr	ecr	sp	rlp	pn	si	ktc	an	inst
W	1									
evr	0,096	1								
ecr	0,214	-0.084*	1							
sp	0.649**	0,216	0.390*	1						
rlp	0.473*	0,307	0,181	0.394*	1					
pn	0.279*	.0382*	.0170*	0,321	0.544**	1				
si	0.122*	-0,015	0,199	0,324	0.657**	0.417*	1			
ktc	0.629**	0,126	0.457**	0.499**	0,292	0.366*	0,121	1		
an	0.833**	0,046	0.623**	0.540**	0,311	0,241	0,045	0.726**	1	
inst	0.114**	0.355*	0,086	0.602**	0.497**	0.179**	0,283	0.328**	0.587**	1

\* Correlation is significant at the 0.05 level (2-tailed)

\*\* Correlation is significant at the 0.01 level (2-tailed)

### 13. Appendix E – The Thesis Research’s Quantitative Survey Questionnaire

<b>DIRECT MEASURE OF WILLINGNESS</b>	
W1 and W2 <sup>125</sup>	According to your perception, what is the likelihood that you company, in the next five years, will develop strategies and promote investments in eco-innovation activities regarding the development and/or the acquisition of cleaner and more sustainable technological solutions that are based on the principles of Green Chemistry and Green Engineering (GCE)?
	unlikely-likely
<b>DIRECT MEASURES OF ATTITUDE, PERCEIVED SOCIAL PRESSURE FACTORS AND PERCEIVED BEHAVIORAL CONTROL UPON COMPANIES’ ENGAGEMENT IN GREEN CHEMISTRY AND GREEN ENGINEERING BASES ECO-INNOVATION PROCESSES</b>	
	<b>Attitude</b>
	For our company, and in light of the environmental, social and economic perspective, its engagement in GCE-based eco-innovation processes will produce:
A1	Currently: (bad consequences-good consequences)
A2	In the next five years: (bad consequences-good consequences)
A3	For our company, its engagement in GCE-based eco-innovation processes will produce locally, nationally and globally:
	bad consequences -good consequences
<b>Perceived Social Factors Pressures</b>	
PSFP	The degree to which:
	<p>a) The social pressure arising from the market, from the community, from the regulatory authorities, and from your company’s social and professional commitments and responsibilities, and</p> <p>b) The personal pressure (individuals’ moral obligation) regarding the environment</p> <p>perceived by your company to develop cleaner and more sustainable GCE-based products and processes is:</p>
	low-high

<sup>125</sup> As noted in Chapter 8, in order to measure managers’ willingness perception change before and after they went through the entire questionnaire, the question designed to provide a direct measure of companies’ willingness (*W*), to engage in Green Chemistry and Green Engineering based eco-innovation processes, was included two times in the questionnaire as its first (*W1*) and the last (*W2*) questions. For a more thorough discussion on this issue, refer to Section 8.4.2, in Chapter 8.

<b>Perceived Behavioral Control</b>		
PBC1	For our company, our engagement in GCE-based eco-innovation processes is:	difficult-easy
PBC2	Our company has the required control over the following resources and opportunities: a) Access to knowledge and technologies; b) Trained and skilled human resources; c) Economic and organizational resources; d) Capabilities for establishing strategic alliances and to participate in networks of collaboration, and e) Support from the institutional set that are required for eco-innovating in GCE:	disagree-agree
<b>DIRECT MEASURES OF THE PERCEPTIONS ON THE BEHAVIORAL DOMAIN</b>		
<b>Environmental risk</b>		
EVR1	The environmental risks generated by your company are likely to be:	low-high
EVR2	The importance that is given to the development or adoption of cleaner and more sustainable technologies, such as those that are based on GCE, for our products, processes and services is:	irrelevant-relevant
<b>Economic Risk and Business Opportunities</b>		
ECR1	Economically, for our company, developing cleaner and more sustainable GCE-based solutions for our products and processes implies in:	losses-benefits
ECR2	The business opportunities, currently and in the near future, for companies that are environmentally more sustainable, justify the engagement of our company in GCE-based eco-innovation processes:	disagree-agree
<b>Social Pressure</b>		
SP	In general, the pressures that are exerted on your company by (a) the market, (b) the community, (c) the environmental authorities, (d) by the trade associations, and (e) the sector's representative organizations that can push your company, in the next five years, to engage in GCE-based eco-innovation processes are:	weak-strong
<b>Professional Roles</b>		
RLP	I perceive that having an innovator and pro-environmental behavior as well as making efforts to influence our company to develop/acquire cleaner and more sustainable GCE-based products and processes is expected from someone that occupies my position in the corporation:	disagree-agree

<b>Personal Norm (moral obligation)</b>		
PN	I am conscious of my personal moral obligation of having a pro-environmental behavior, I incorporate this feeling to my professional activities in order to contribute to overcome our company's environmental and economic sustainability challenges:	disagree-agree
<b>Self-identity with Innovation, Competence and Environmental Causes</b>		
SI	I consider myself an innovating and competent person who is identified with the environmental preservation causes. Therefore, I believe that my objective engagement in the promotion of eco-innovation activities, in my work environment, is an important part of my obligations as a professional and as a citizen:	disagree-agree
<b>Knowledge and Technology</b>		
KTC	According to your perception, in general, the extent to which your company: <ul style="list-style-type: none"> <li>a) has access to new knowledge and technological opportunities;</li> <li>b) possesses protection mechanisms against imitation, and</li> <li>c) holds technological, organizational and learning capabilities that can promote and facilitate its engagement in GCE-based eco-innovation processes is:</li> </ul>	low-high
<b>Actors and Networks</b>		
AN	In our company, taking into consideration our current availability of individuals holding key technical and motivational capabilities, our competence to form strategic alliances and to participate in techno-scientific networks of collaboration, it can be argued that the engagement of our company in GCE-based eco-innovation processes is:	unlikely-likely
<b>Institutions</b>		
INST	In general, the degree of protection, support, trust and stimulus given to your company, by the current corporate, legal, social, ethical, political and public institutional set, which can make you feel confident to engage in GCE eco-innovation processes is:	low-high

**SCALES TO ASSESS THE PERCEPTIONS ON THE BEHAVIORAL DOMAINS**

**SCALES TO ASSESS ATTITUDES**

<b>Scale to Assess the Perceived Environmental Risk</b>	
evr1	Controllable 1 2 3 4 5 6 7
evr2	Do not have global impacts 1 2 3 4 5 6 7
evr3	Consequences not fatal 1 2 3 4 5 6 7
evr4	Evenly distributed 1 2 3 4 5 6 7
evr5	Low risk to future generations 1 2 3 4 5 6 7
evr6	Voluntary for those exposed 1 2 3 4 5 6 7
evr7	Does not affect me 1 2 3 4 5 6 7
evr8	Not observable 1 2 3 4 5 6 7
evr9	Known for those exposed 1 2 3 4 5 6 7
evr10	Delayed effects 1 2 3 4 5 6 7
evr11	Old risks 1 2 3 4 5 6 7
evr12	Risks known to science 1 2 3 4 5 6 7
	Uncontrollable 1 2 3 4 5 6 7
	have global impacts 1 2 3 4 5 6 7
	Fatal consequences 1 2 3 4 5 6 7
	Unevenly distributed 1 2 3 4 5 6 7
	High risk to future generations 1 2 3 4 5 6 7
	Involuntary for those exposed 1 2 3 4 5 6 7
	Affects me 1 2 3 4 5 6 7
	Observable 1 2 3 4 5 6 7
	Unknown for those exposed 1 2 3 4 5 6 7
	Immediate effects 1 2 3 4 5 6 7
	New risks 1 2 3 4 5 6 7
	Risks unknown to science 1 2 3 4 5 6 7

**Scale to Assess the Perceived Economic Risk and Business Opportunities**

Please, answer the questions or statements below in light of your perception regarding the likely economic risks and business opportunities associated with the introduction (development and/or acquisition) of cleaner and more sustainable technologies that are based on the principles of Green Chemistry and Green Engineering (GCE) for your products, processes and services.

**Economic opportunity**

ecr1	The likelihood of loss of business opportunities due to failing to launch a new product to a new market niche for more sustainable products is:	low-high
ecr2	The benefits of reducing uncertainties and economic risks from future environmental legislation are probably:	low-high
ecr3	For our company, the advantages (e.g. novelty of products) of pioneering the launch of cleaner products are likely to be:	low-high
ecr4	We believe that it will be risky to launch a new and more sustainable product currently and in the near future.	agree-disagree
ecr5	Our company is rather a follower than a pioneer regarding the development and the adoption of the development or the adoption GCE.	agree-disagree
ecr6	The willingness of our customers to pay more for products that are environmentally more sustainable is:	low-high

ecr7	The business opportunities growth that may be created following the development of cleaner and more sustainable GCE-based products are likely:	low-high
<b>Appropriability</b>		
ecr8	The opportunities for our company to sustain its growth and its development via the development or the adoption of GCE-based technologies are:	low-high
ecr9	The likelihood of the appropriation of the benefits generated by the development of cleaner and more sustainable products and processes are:	low-high
ecr10	In innovation processes, the risks of losing the confidentiality over your companies' technology secrecy due to subcontracting is:	high-low
ecr11	The likelihood of your company losing control over its own technology secrecy and appropriability due to its participation in strategic alliances is:	high-low
<b>Technological risk</b>		
ecr12	The intensity of R&D required to create new product or to develop a new production process that are cleaner and more sustainable, such as those that are based on GCE, is probably:	high-low
ecr13	The costs associated with this level of R&D is:	high-low
ecr14	The likelihood that you company can bear the costs associated with GCE-based eco-innovation processes is:	low-high
ecr15	The duration of a clean product and process innovation project, such as those that are based in GCE, is likely to last:	long - short time
ecr16	The certainty that a venture developing a GCE-based cleaner and more sustainable product and/or processes concept can be accomplished is:	uncertain-certain
<b>Financial risk</b>		
ecr17	The likelihood that investments in GCE-based eco-innovation affect the fixed costs of your company and its competitiveness is:	likely-unlikely
ecr18	The likelihood of your company losing trained human resources who hold the required knowledge for the development of more sustainable and cleaner technological solutions for its environmental and economic challenges, due to turnover, is:	likely-unlikely
ecr19	The likelihood of your company having the human, economic and intellectual resources for eco-innovating in GCE is:	low-high
ecr20	If your company were to engage in GCE-based eco-innovation activities, what is the chance that it would lose its capital investment?	high-low
<b>SCALE TO ASSESS THE PERCEIVED SOCIAL AND PERSONAL PRESSURE</b>		
<b>Market pressures</b>		
<b>Competitive context</b>		
mp1	The pace of the technological innovation, in the petrochemical sector, will push our company soon to develop or adopt cleaner and more sustainable GCE-based technologies:	unlikely-likely



mp2	<p>Our competitors intend to develop cleaner and more sustainable products and processes: The market competition will push us to adopt GCE-based innovative, cleaner and more sustainable solutions for our products, processes and services:</p> <p>The competition in our sector is fierce. Cleaner and more sustainable products and processes can be a competitive differential for our company:</p> <p>The dynamism of our sector (customers' behavior and the technological changes) will push us towards the development or the adoption of GCB based innovative and environmentally more sustainable technologies in order to pre-empt the entry rival entries:</p> <p>The market in which our company operates is very heterogeneous and there are demand signs for cleaner and more sustainable products. The introduction of these products in the market, by our company, is a good way of taking advantage of these opportunities:</p>	unlikely-likely
mp3		unlikely-likely
mp4		disagree-agree
mp5		disagree-agree
mp6		disagree-agree
<b>Pioneer-Follower</b>		
mp7	In general our company is a pioneer with regard to advancements in <b>product</b> technologies. Therefore, the development of cleaner and more sustainable GCE-based products is not an exception:	disagree-agree
mp8	In general our company is a pioneer with regard to advancements in <b>process</b> technologies. Therefore, the development of cleaner and more sustainable GCE-based manufacturing processes is not an exception:	disagree-agree
mp9	In general our company is a follower with regard technological advancements in products and processes. Therefore, the adoption of GCE-based cleaner and more sustainable technologies is not an exception:	disagree-agree
<b>Consumers</b>		
mp10	Our customers think that our company should develop/adopt cleaner and/or more sustainable products and production processes:	disagree-agree
mp11	Our customers will, in the next five years, be pushing our company to develop/adopt cleaner and more sustainable products and production processes:	unlikely-likely
mp12	In general, our company does what our customers think we should do in respect to environmental issues:	disagree-agree
<b>Managers' personal important referents</b>		
Please, express the degree to which the following social agents have the opinion that your company should develop/adopt cleaner and more sustainable production processes such as those that are based on Green Chemistry and Green Engineering:		low-high
cp1	Yourself:	
cp2	The majority of those that are important for you in your personal relations:	

<b>Firms' important external referents</b>		
	<p>Please, express the degree to which the following social agents have the opinion that your company should develop/adopt cleaner and more sustainable production processes such as those that are based on Green Chemistry and Green Engineering:</p> <p>Most outsiders who are important for the success of your company:</p> <p>Environmental experts from universities, and research originations who are convinced that that your company should adopt cleaner and more sustainable production processes. Your company agrees with such beliefs:</p> <p>Your company's environmental experts:</p> <p>The likelihood that most of the important outsiders will, in the next five years, exert pressures that can push your company to engage in GCE-based eco-innovation processes is:</p> <p>In general, your company does what the environmental consultants think it should do in respect to environmental issues; developing cleaner technologies is not an exception:</p>	<p>low-high</p> <p>low-high</p> <p>low-high</p> <p>unlikely-likely</p> <p>disagree-agree</p>
cp3		
cp5		
cp6		
cp4		
cp7		
<b>Perceived community pressure</b>		
cp8	<p>Express the degree to which the local community thinks that your company should develop/adopt cleaner and more sustainable production processes such as those that are based on Green Chemistry and Green Engineering:</p> <p>In general, your company does what local community thinks it should do in respect to environmental issues. Developing cleaner technologies is not an exception:</p> <p>The current pressures form the local community, on your company, towards the development/adoption of cleaner and more sustainable production processes, such as those based on GCE are:</p> <p>The likelihood that the local community will, in the next five years, exert pressures that can push your company to engage in GCE-based eco-innovation processes is:</p> <p>Express the degree to which the NGOs, at local, regional and national levels, think that your company should develop/adopt cleaner and more sustainable production processes such as those that are based on Green Chemistry and Green Engineering:</p>	<p>low-high</p> <p>disagree-agree</p> <p>weak-strong</p> <p>unlikely-likely</p> <p>low-high</p>
cp11		
cp12		
<b>Firms' important internal referents</b>		
cp13	<p>Express the degree to which the majority of your company's influential employees thinks that your company should develop/adopt cleaner and more sustainable production processes such as those that are based on Green Chemistry and Green Engineering:</p> <p>The likelihood that the majority of your company's influential employees will, in the next five years, exert pressures that can push your company to engage in GCE-based eco-innovation processes is:</p> <p>In general, your company does what company's influential employees think it should do in respect to environmental issues. Developing cleaner technologies is not an exception:</p>	<p>low-high</p> <p>unlikely-likely</p> <p>disagree-agree</p>
cp14		
cp15		

## Regulatory Pressures

<b>Regulators</b>	
rp1	<p>The environmental authorities think that our company should develop/adopt cleaner and more sustainable products and processes such as those that are based on GCE:</p> <p>The likelihood that current and future environmental legislation will, in the next five years, exert pressures that can push your company to engage in GCE-based eco-innovation processes is:</p> <p>The environmental authorities have the necessary legal means and capabilities to force our company to develop/adopt new cleaner and more sustainable products and production processes:</p> <p>In general, your company does what the environmental authorities think it should do in respect to environmental issues. Developing cleaner technologies is not an exception:</p>
rp2	unlikely-likely
rp3	disagree-agree
rp4	disagree-agree
<b>National and international standards, trade organizations and agreements</b>	
rp5	<p>The likelihood that the following factors will, in the next five years, exert pressures that can push your company to engage in GCE-based eco-innovation processes is:</p> <p>Note: ABIQUIM- Brazilian Chemical Industry Association            ICCA- The International Council of Chemical Associations            ISO- International Organization for Standardization</p> <p>The market demands for initiatives associated with socio-economic and environmental sustainability of the petrochemical industry (e.g. ISO 14000 and 26000 series norms, ICCA/ABIQUIM Responsible Care Program, ICCA's Global Product Initiative):</p> <p>New agreements and programs, developed at national and international levels, with focus on the environmental and economic sustainability of the petrochemical industry, which have direct influence on the company's business and operations:</p>
rp7	unlikely-likely
rp6	<p>In general, your company does what the standardization organizations and the chemical industry representative organizations, nationally and internationally (such as ISO, ICCA, ABIQUIM), think it should do in respect to environmental issues. Developing/adopting cleaner technologies is not an exception:</p>
	disagree-agree

<b>SCALE TO ASSESS THE PERCEIVED PROFESSIONAL ROLES</b>	
rlp1	In my perception, I believe that someone that occupies the same position that I currently do, in any company, should hold the following requisites that are intrinsically associated with my roles, obligations and professional roles:
rlp2	To be environmentally responsible and to have a favorable posture regarding cleaner and environmentally more sustainable products, processes and services such as those that are developed based on GCE:
rlp3	To advocate and to have a favorable behavior regarding pro-environmental issues (technological or not) as a means to profit from business opportunities that emerge from a market that has been increasingly demanding towards a cleaner environment:
rlp4	To give priority to issues concerning cost, effectiveness, efficiency, company's business competitiveness, economic and environmental sustainability and search for innovative GCE-based solutions that can meet these criteria: To acknowledge the importance and the influence that the values and the culture have on in individuals' behavior and make efforts to help in building a corporate culture and values that prioritize innovation and sustainability:

<b>SCALE TO ASSESS THE PERCEIVED PROFESSIONAL PERSONAL (MORAL OBLIGATION) PRESSURES</b>	
	The moral obligation that I feel regarding the reduction or the prevention of the environmental impacts to the biosphere that are a result of the activities of our company, makes me feel the following moral obligation:
pn1	Regarding being favorable to decisions that favor pro-environmental behaviors and the adoption of GCE-based eco-innovative technologies:
pn2	Regarding my own active engagement in influencing people, in all company's hierarchical levels, regarding the importance of pro-environmental actions and behaviors as well as in respect to the adoption of eco-innovative GCE-based cleaner and more sustainable technologies:
pn3	Regarding my personal engagement in the identification of new cleaner and more sustainable innovative alternatives, such as those that are based on GCE, that can help our company to achieve advanced states of competitiveness and environmental and economic sustainability:

<b>SCALE TO ASSESS THE PERCEIVED SELF-IDENTITY WITH ENVIRONMENTAL CAUSES, INNOVATION AND PROFESSIONAL COMPETENCE</b>	
si1	I identify myself with and I believe in the importance of the environmental preservation of our planet. Therefore, I am favorable to the idea of adopting cleaner and more sustainable solutions, such as those that are based on GCE, for products, processes and services in the industrial domain:
si2	In addition, my engagement in eco-innovation activities, such as those that are based on GCE, expresses my innovating and professionally competent profile:

## SCALE TO ASSESS THE PERCEIVED BEHAVIOR CONTROL

### SCALES TO ASSESS THE PERCEIVED BEHAVIOR CONTROL OVER KNOWLEDGE AND TECHNOLOGIES

<b>Accessibility to Knowledge</b>		low-high
	Currently, the degree of access that your company has regarding new knowledge, via purchase, cooperation agreements and other means of knowledge acquisition that can promote advances towards advanced states of sustainability and competitiveness is:	
ak1	Within the petrochemical sector:	
ak2	Outside the petrochemical sector:	
	Currently, the degree of access that your company has to the following sources of knowledge that can help its engagement in GCE-based eco-innovation processes is:	low-high
ak3	Public research organizations:	
ak4	Brazilian and foreign universities:	
ak5	Professional or technical organizations:	
ak6	Independent inventors:	
ak7	Technology providers:	
<b>Technological Opportunities</b>		
to1	Currently, the scientific and technological advances in the fields of cleaner and more sustainable products and processes can incentivize our company to engage in GCE-based eco-innovation processes:	disagree-agree
to2	To what degree the various product and process technologies, current available, within and outside the petrochemical, sector can contribute and facilitate the engagement of your company in GCE eco-innovation processes?	low-high
to3	According to your perception, to what degree the products and processes technological and environmental feedbacks that your company gets from other firms can contribute for the acquisition or development of GCE-based eco-innovative solutions?	low-high
<b>Appropriability</b>		
	According to your perception, regarding the appropriation of the benefits generated by the eco-innovation processes, such as those that are based on GCE, what is the degree of motivation of your company to:	low-high
app1	To invest in the acquisition of lower cost knowledge and technologies, which have easy general access and, therefore, providing low appropriability:	
app2	To invest in the development or acquisition of limited access higher costs technologies, which provide high	high

app3	<p>appropriability: To invest in both of the preceding options depending on the context and the objective of the company:</p> <p>According to your perception, the current available means that can ensure the appropriability (confidentiality and benefits) of knowledge and technologies resulting from eco-innovation processes are:</p> <p>Outside the corporation's domain and at the national and international levels; Within the corporate's domain in order to prevent information "leaks":</p>	<p>low-high</p> <p>low-high</p>
app4 app5	<p><b>Cumulativeness - Learning Processes</b></p> <p>In your opinion, regarding the engagement of your company in GCE-based eco-innovation activities, how easy or difficult is it for your company the acquisition of new knowledge via the following learning processes?</p> <p>Learning processes that are external to your company (e.g. external consultancy, technical assistance, international training, systematic knowledge import from various sources):</p> <p>Learning processes that are internal to your company (e.g. routine activities that span from process operations through research activities):</p> <p>What is the degree of existence, efficiency and effectiveness, in your company, of the following learning mechanisms that can be useful in the GCE-based eco-innovation processes?</p> <p>Formal and informal learning mechanisms that promote the interaction of individuals and promote mutual learning and facilitate the creation of innovative solutions for the company's environmental challenges:</p> <p>Mechanisms that can convert knowledge held at the individual level into formal language that can be diffused to all company's sectors and hierarchical levels:</p> <p>The learning mechanisms that your company currently holds that can promote the integration of the learning processes and knowledge acquisition (knowledge internalization and externalization) at personal and collective levels are:</p>	<p>easy-difficult</p> <p>easy-difficult</p> <p>low-high</p> <p>low-high</p> <p>unsatisfactory-satisfactory</p>
cmt1 cmt2		
cmt3 cmt4		
cmt5		
	<p><b>Cumulativeness - Intermediate technological innovation capabilities (search based)</b></p> <p>In case your company promoted technological changes via the <b>acquisition</b> of cleaner and more sustainable new eco-innovative technologies, the degree of difficulty that it may find in obtaining the following capabilities (within the company's domain, or outside via outsourcing) is:</p> <p>Search for new technological sources, contract negotiation, and bargaining suitable terms:</p> <p>Equipment procurement, detailed engineering, recruitment and training of skilled people:</p>	<p>difficult-easy</p>
cmt6 cmt7		

cmt8	Equipment stretching, process adaptation and cost saving, and licensing new <b>process</b> technology:	
cmt9	Product quality improvement, licensing and assimilating new imported <b>product</b> technology:	
cmt10	Monitoring productivity, and project coordination:	
cmt11	Technology transfer, coordinated design, science and technology links:	
	<b>Cumulativeness - Advanced technological innovation capabilities (research based)</b>	
	In case your company follows the trajectory of <b>developing</b> new eco-innovative technologies, the degree of difficulty that it may find in obtaining the following capabilities (within the company's domain, or outside via outsourcing or partnerships) is:	difficult-easy
cmt12	Development of new production systems:	
cmt13	Basic process design and related research and development:	
cmt14	In-house <b>process</b> innovation and basic research:	
cmt15	In-house <b>product</b> innovation and basic research:	
cmt16	Collaboration with suppliers and partners for technological development:	
cmt17	Turnkey capability, cooperative research and development:	
	<b>Cumulativeness - Knowledge Integration</b>	
	In your company, the degree of existence, efficiency and effectiveness of the following mechanisms of knowledge acquisition integration and application is:	low-high
cmt18	Rules and directives (set of procedures, heuristics and instructions):	
cmt19	Operational routines (operational protocols, process specifications, norms):	
cmt20	Self-management teams (for complex and non-routine organizational tasks especially when the degree of uncertainty and novelty preclude the use of the existing routines and directives):	
	<b>Cumulativeness - The correspondence of the capabilities/knowledge structure with the power structure of the company</b>	
cmt21	To what extent the hierarchical and functional structures of your company hold the required capabilities for knowledge integration and application for the GCE-based technological development of the firm?	low-high
	<b>SCALES TO ASSESS THE PERCEIVED BEHAVIOR CONTROL OVER ACTORS AND NETWORKS</b>	
	<b>Availability of Internal Actors Holding Key Capabilities</b>	
avc1	Our company's staff has individuals who can speak various professional languages and can see the world in two or more different professional perspectives:	disagree-agree
avc2	Our company's staff has individuals who hold critical knowledge that can help our firm to successfully engage in the acquisition and/or the development of GCE-based cleaner and more sustainable technologies:	disagree-agree

avc3	Our company's staff has individuals who hold the required skills for collecting new information about cleaner and more sustainable products, processes and services and including them in the company's decision-making nuclei:	disagree-agree
avc4-	Our company's staff has individuals who have the power of influencing decision-makers favorably in regard to technological changes as well as in respect to the company's engagement in GCE-based eco-innovation processes:	disagree-agree
avc5	Our company's staff has individuals who are committed with our environmental and sustainability policies and with development and dissemination of cultures that support cleaner production, sustainability and eco-innovation processes such as those that are related to GCE:	disagree-agree
<b>Actors and networks -Strategic Alliances with External Actors</b>		
<b>Strategic synergy</b>		
	For our company, finding partners for the formation of strategic alliances, aimed at GCE-based eco-innovation, who:	difficult-easy
sac1	Can ensure strengths complementarity and interaction in respect to knowhow and innovation capabilities, is:	
sac2	Can ensure trust, honesty, commitment regarding the professional relations, good reputation, predictability under pressure and creativity facing adversity, is:	
sac3	Have a good operational fit for both partners (i.e. time frame for investments, information and communication methods, management stiles, labor relations, technologies and business and government relations), is	
sac4	Can provide capital in favorable conditions as well as support for our investments in GCE-based eco-innovation activities, is:	
<b>Support and Commitment</b>		
sac5	In the processes of negotiating strategic alliances reaching a point that maximizes gains and value for both partners in a win/win fashion is:	difficult-easy
sac6	Finding partners that share the same environmental values and interest in GCE-based technological development:	difficult-easy
sac7	The likelihood of approval, support and commitment from your company's CEO and shareholders regarding the firm's engagement in GCE-based eco-innovation processes is:	unlikely-likely
sac8	Our company has successful experiences making strategic alliances in order to innovate. Making new alliances to develop new cleaner and more sustainable GCE-based products and processes would be the same:	disagree-agree
<b>Cooperation - influence</b>		
	What is the degree of influence that company has over the following suppliers for the development of GCE-based technological solutions?	
sac9	Suppliers of <b>inputs, components, raw materials and services</b> to develop cleaner substitutes for current environmentally sensitive critical parts of our <b>product portfolio</b> with cleaner options:	low-high
sac10	Suppliers of <b>production process technologies</b> to develop cleaner substitutes for current environmentally sensitive critical parts of our <b>process technologies</b> portfolio with cleaner options:	low-high



sac11	For our company, influencing our customers to promote joint investments for the development of new cleaner and more sustainable GCE-based products, processes and services is: <b>Outsourcing opportunities</b>	difficult-easy
sac12	For our company, outsourcing the following tasks is:  Life cycle analysis: Cleaner and more sustainable GCE-based <b>product</b> technologies such as cleaner design for inputs, materials and components from the technological marketplace: Cleaner and more sustainable GCE-based <b>production process</b> technologies for inputs, materials and components from the technological marketplace:	difficult-easy
sac13		
sac14		
<b>Networks of Collaboration</b>		
nw1	The degree of difficulty that your company finds in participating of techno-scientific networks of collaboration, aimed at the development/acquisition of new knowledge and GCE-based technologies, with the following organizations is:	difficult-easy
nw2	Public research and development laboratories:	
nw3	Providers of raw materials and other inputs: Consultancy organizations holding specific techno-scientific knowledge that can support the development of GCE-based solutions for your products and processes	
nw4	Companies within the petrochemical sector, which are open to technology transfer:	
nw5	Specialized engineering firms holding specific techno-scientific knowledge that can support the development of GCE-based solutions for your products and processes:	
<b>SCALES TO ASSESS THE PERCEIVED BEHAVIOR CONTROL OVER INSTITUTIONS</b>		
inst1	Our corporate's internal institutions provide the required support, protection and flexibility for our engagement in GCE-based eco-innovation processes:	disagree-agree
inst2	The extent to which the current the Brazilian and the international legal institutional sets provide your company with protection and risk reduction in the case of the establishment alliances and agreements, with other actors, towards the development/acquisition of GCE-based technologies is:	low-high
inst3	The extent to which the current social and ethical institutions, commonly found in the business relations, generate the required confidence for your company's engagement in GCE-based eco-innovation processes is:	low-high
inst4	The extent to which current political and public institutions (laws, decrees, programs, policies etc.), at the Federal, State and Municipal levels, provide your company, currently and in the next five years, with incentives for its engagement in GCE-based eco-innovation processes is:	low-high

## 14. Appendix F - Protocols of the In-Depth Interviews (Qualitative Survey)

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### Protocol for the In-depth Interviews at the Micro-Level within the Companies

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#### Questions

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1	Perceptions on the importance of sustainable development and sustainability for the petrochemical sector.
2	Once the principles and the benefits of Green Chemistry and Green Engineering (GCE) are well-known, understood and properly diffused to important managers and decision-makers (you included) within your company, in your perception, what is the likelihood that your company would undertake initiatives to acquire and/or develop GCE based technological solutions towards more sustainable products, processes and services?
3	<p>Please answer the following questions with respect to this thesis research results that have been presented to you:</p> <ol style="list-style-type: none"><li>To what extent do you agree with the findings?</li><li>To what extent do you believe that they are important and will be beneficial and contribute to clarifying and improving your company's knowledge in respect to eco-innovation determinants?</li></ol> <p>Do you believe that such knowledge can help to promote and facilitate to effect the eco-innovation based technological changes towards more sustainable states in your company's domain?</p>
4	To what extent do you believe that policy efforts (corporate, sectoral and governmental) based on the findings of this thesis research can contribute to the introduction, diffusion and incentivizing GCE based eco-innovation in your company and in the Brazilian petrochemical sector?
5	How important do you believe that ABIQUIM and its "Responsible Care Program" are in the process of disseminating, supporting and fostering the use of the GCE frameworks by the Brazilian Petrochemical sector?
6	<p>Previous, current and envisioned sustainability initiatives:</p> <ol style="list-style-type: none"><li>What are your company's past, current and planned initiatives (policies, programs, business strategies, investments, directives, standards etc.) to effect the required technological changes that are required to make it more sustainable and environmentally responsible?</li><li>What kinds of changes (organizational, personal, learning processes, knowledge base, institutional etc.) have been required for your company to introduce, implement and manage these initiatives?</li></ol>
7	I will now show my recommendations for eco-innovation policies. I would like ask you please to make comments on them and point out the points that, in your opinion, are missing.
8	Based on your previous answer, please review the twelve principles of Green Chemistry and the twelve principles of Green Engineering and specify which have been used as part of the initiatives that you mentioned in your answer to question 5.

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## **Protocol for the In-Depth Interviews at the Meso-Level within the State Environmental Agencies**

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### **Questions**

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- 1 In your view, what initiatives have been conducted by your Environmental Agency aimed at influencing, promoting and catalyzing changes towards cleaner and more sustainable technological states in the petrochemical sector? What are the plans for the future?
  - 2 The findings of this research revealed that the Environmental Agency's activities and the risk of future legislation are significant driving forces in fostering companies' willingness to engage in eco-innovation activities towards higher states of sustainability. What is your opinion in respect to these findings? What are your reasons for answering in this way?
  - 3 In the domain of cooperation with the petrochemical companies, and without violating their self-determination, do you believe that the Environmental Agencies should or could promote more effective cooperative actions regarding the search for solutions that could help companies to make more rapid progress toward sustainability? What are your reasons for answering in this way?
  - 4 The choice, adoption and implementation, by the petrochemical companies, of more sustainable practices are their responsibility. In your opinion, in what ways can/should your Environmental Agency influence and pressure companies to adopt more sustainable approaches regarding their products, processes and services? What are your reasons for answering in this way?
  - 5 With regard to implementing the Green Chemistry and Green Engineering (GCE) frameworks, in your opinion, what is the likelihood that you and/or your Environmental Agency are willing to support and to promote such initiatives? Are you ready to engage in activities aimed at influencing companies to adopt and use them as their priority principles in the process of meeting their environmental challenges? What can/will you and your Environmental Agency do? What are your reasons for answering in this way?
  - 6 In your opinion, do you see any possibility and willingness, of your Environmental Agency, to promote joint initiatives in cooperation with ABIQUIM and other industry representative associations, to promote GCE in the Brazilian petrochemical sector? What are your reasons for answering in this way?
-

## **Protocol for the In-Depth Interviews at the Meso-Level within the Brazilian Chemical Industry Association (ABIQUIM)**

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### **Questions**

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- 1 Could you please explain, in more details, what ABIQUIM is doing to influence and catalyze the companies, in the petrochemical sector, to adopt technical and non-technical initiatives that will help to ensure that they develop and implement cleaner and more sustainable products, processes and services? What is it planning to do in the near future?
  - 2 In light of the research's findings, do you believe that they can be useful and contribute for helping companies to engage in eco-innovation processes towards more advanced states of sustainability? What else do you believe should be done? Who should catalyze those actions? How should they catalyze them? What are your reasons for answering in this way?
  - 3 At the sector level, can they contribute to ABIQUIM'S initiatives (policies, programs etc.) towards a more sustainable Brazilian petrochemical industry? If so, how can these initiatives be promoted and implemented? What are your reasons for answering in this way?
  - 4 With regard to promoting and implementing the Green Chemistry and Green Engineering (GCE) frameworks in the petrochemical sector, in your opinion, what is the likelihood that you and/or ABIQUIM will be willing to support and to promote such initiatives? Are you ready to engage in activities aimed at influencing companies to adopt and use them as baseline principles in the process of meeting their sustainability challenges? What can/will you and ABIQUIM do? How useful can the Responsible Care Program be in this process? What else is needed from the government, universities, or other stakeholders? What are your reasons for answering in this way?
  - 5 In your opinion, do you see any possibility and willingness for ABIQUIM, to promote joint initiatives in cooperation with environmental agencies and other governmental and non-governmental organizations, to promote GCE in the Brazilian petrochemical sector? If so, under what circumstances? How do you propose to proceed? What else is needed? What are your reasons for answering in this way?
  - 6 Do you believe that the findings of this research and the frameworks of Green Chemistry can be helpful and can contribute to the innovation and sustainability-related objectives of the National Pact for the Chemical Industry? In your view, how can it be done? What are your reasons for answering in this way?
-

## 15. Appendix G - Profile and Specificities of the Survey Respondents

Figure 15.1- Hierarchical level of respondents

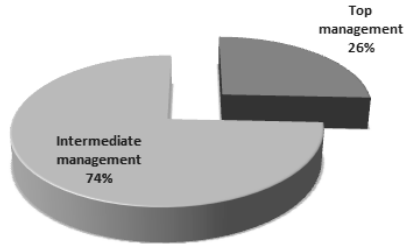


Figure 15.2- Respondents' main activity

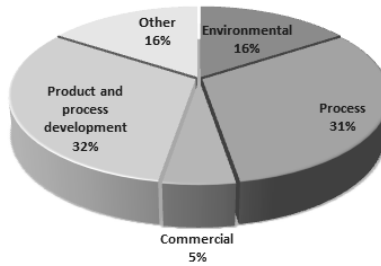


Figure 15.3- Class of petrochemicals manufactured by the surveyed companies

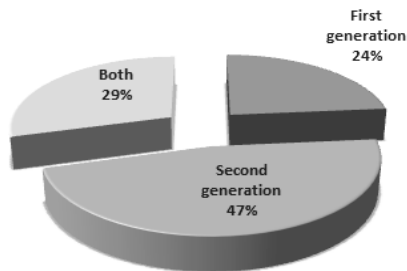


Figure 15.4- Location of the surveyed company

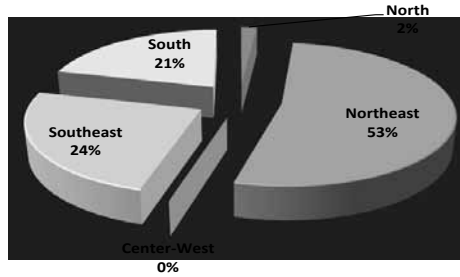


Figure 15.5- Global dimension of the surveyed companies

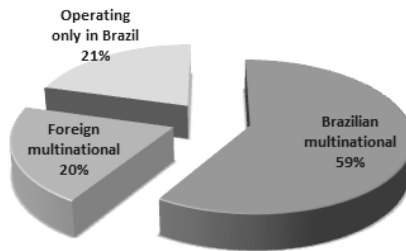


Figure 15.6 - Surveyed companies' exports as a percentage of the total production

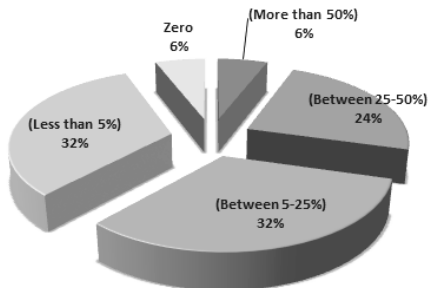


Figure 15.7- *Surveyed companies' export markets*

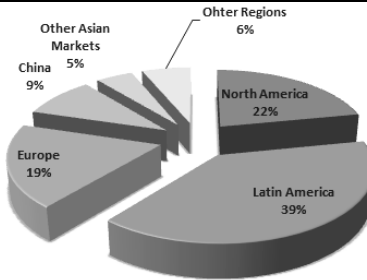


Figure 15.8- *Surveyed companies' sources of product innovation*

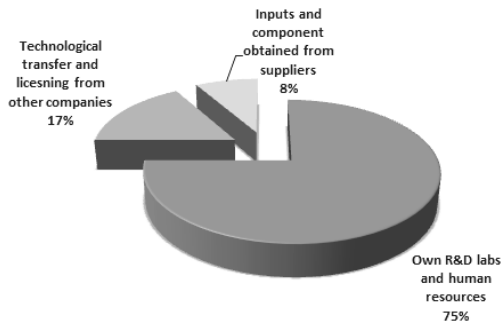


Figure 15.9- *Surveyed Companies' Sources of Process Innovation*

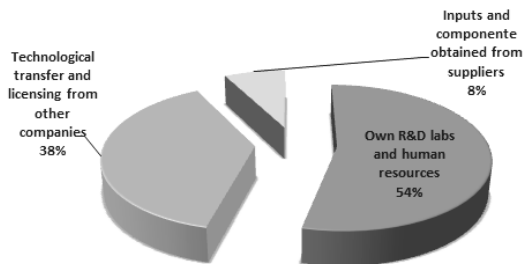
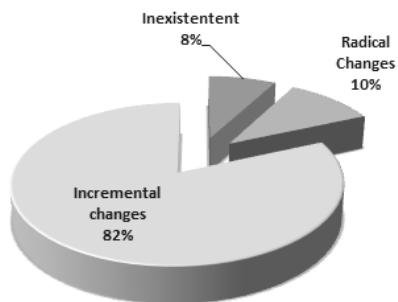


Figure 15.10- *Surveyed companies' focus of products/processes innovation*





## **16. Appendix H - Considerations of Innovation Processes: Economic Competitiveness, Evolutionary Perspectives, Structure of Technical Change, the Systemic Nature of Innovation, Eco-Innovation**

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### **H.1 The Importance of Innovation in Economic Competitiveness, and the Economic Environment**

The three main dimensions (environmental, social and economic) of sustainability (S) and sustainable development (SD) concepts were repeatedly mentioned throughout this thesis and, following the common understanding of their use, they were used and adapted to the specific contexts and needs of this research.

As noted in the previous sections, the main interest of this thesis research resides on behavioral aspects of GCE-based technological eco-innovation. It acknowledged that the three dimensions of S and SD are interconnected, interdependent, and complementary and are implicitly important for this study. Despite this argumentation, due to the nature and objectives of this research, corporate environmental and economic sustainability, assume a higher relevance. It was assumed that social benefits to firms' stakeholders and to the broad society are intrinsically associated with higher states of the other two dimensions of S and SD.

Because the prospect of economic feasibility is a basic pre-condition for the development and the diffusion of technologies, it is appropriate to emphasize that the industrial domain has no interest in innovative cleaner and more sustainable technological solutions that are not economically feasible (cf. Section 8.4.1).

Section H.1 demonstrated the importance of innovation in companies' competitiveness and established the foundations for a better understanding of the relations between the environment and the economy. Such relations were implicitly and explicitly exposed in this work.

Enterprises in modern economies operate in a rapidly changing social, economic and technological environment. The way corporations respond to these challenges, demands and expectations may signify their potential success or failure to be competitive and to survive. Adaptation and anticipation to pressures generated by the streams of continuously changing societal and business environments may require novel and unprecedented solutions.

Patterns of organizational and individual behavior and problem solving methodologies that were successful in the past do not represent a paved way to successfully navigate and solve present and future challenges (North, 1997; Nelson and Nelson, 2002). Companies' leaders need to change their perceptions of the nature and *locus* of their problems and challenges and develop new and creative manners to provide the adequate solutions. Companies need to be innovative.

Innovating has often been connected to the idea of bringing something new to an environment<sup>126</sup>. Innovative ideas give the sense of problem solving and expectations fulfillment *via* unprecedented new creative manners. In the economic and innovation literature domains, since the pioneering works by Schumpeter, the concepts of innovation and technological advance have been intimately connected to the economic competitiveness and growth. It has been equally associated with social changes of countries and organizations (Arora *et al.*, 1998; Dosi, 1982; Cantwell; 2005; Nelson and Winter, 1977 and 1982; Mytelka, 2001; OECD and EUROSTAT, 2005; OECD, 2008a).

“Today, much confusion exists about the proper definition of entrepreneurship. (...) At the heart of that activity is innovation: the effort to create purposeful, focused change in an enterprise’s economic or social potential” (Drucker, 2002: 2-3).

The innovating firm “in the attempt to differentiate itself from competitors in its industry (...) seeks to transform the technological and market conditions” (Lazonick, 2005: 31). Innovating is also a matter of being competitive by changing in unprecedented ways that promote differentiation from the competitors.

According to Arora *et al.* (1998), economic competitiveness has been traditionally associated with productivity and growth<sup>127</sup>, which permeate the economic spectrum spanning from macro to microeconomic aspects. Fagerberg (2005) argued that innovation is a powerful explanatory factor underpinning the differences between firms, regions and countries. He also emphasized that innovative countries and regions have higher productivity than less innovative ones.

Macroeconomic main elements for growth policy are related to the creation of a stable climate for savings, investment, for demand growth and to the development of a climate for improving labor productivity by assuring a broad level of education and establishing and enforcing anti-trust laws to prevent the emergence of monopolistic forces (Arora *et al.*, 2000).

Arora *et al.* (*ibid*) further stated that the microeconomic aspects deal with the growth and productivity (and development) at the firm level. Its focus is on how new technologies are developed, commercialized and diffused. This approach incorporates “the processes of design and innovations, learning by doing, using technology transfer from abroad, and the incentives from research and development. All of which can produce new and improved products, processes and services” (*ibid*: 12)

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<sup>126</sup> Websters online dictionary (<http://www.websters-online-dictionary.org/definition/innovate>) accessed in November 2009.

<sup>127</sup> In this thesis research, complementary to the use of the concept of productivity and growth as elements of economic competitiveness, the concept of economic development as advocated by Herman Daly and Kenneth Townsend is also used: “To grow means to increase naturally in size by the addition of material through assimilation or accretion. To develop means to expand or realize the potentialities of; to bring gradually to a fuller, greater, or better state.” (Daly and Townsend 1993: 267).

Due to the dynamic interrelationships and interconnectivity of the economic agents, the macroeconomic and microeconomic approaches to productivity, growth and development are linked and are complementary concepts. “Firms create the growth and the wealth in the capitalist society, but governments and societies create the business climate, the conditions, and the boundaries, within which firms must act” (*ibid*: 13.).

The macro and microeconomic approaches exemplify the amplitude and the interconnectivity of relationships involved in the process of creation of wealth, growth and development in societies. Competitiveness, growth, economic change and innovative processes are characterized by complex relationships among multilevel economic agents and by diverse scientific disciplines as is elaborated upon in Chapter 5, Section 5.2.2.

## **H.2.0 An Evolutionary Perspective of Innovation and its Relation to Technological and Economic Change**

As noted in the introductory section of Chapter 3 (Section 3.0), innovation theory appears among the main theoretical domains that supported this research. Within this realm, the systemic nature of innovation is of significant importance. In this regard, the “Sectoral Systems of Innovation” framework (SSI), developed by Malerba (2002, 2004), due to its focus on sectors, matched this thesis researcher’s interests, and consequently, it was used as one of the theoretical pillars of this study. The SSI framework approaches innovation in sectors in a systemic and evolutionary<sup>128</sup> manner.

In order to allow for a better understanding of the fundamentals underpinning this thesis’ innovation related theoretical background, Section H.2 discusses some aspects of evolutionary (neo-Schumpeterian<sup>129</sup>) approach and its relations to technological change and innovation.

According to Nelson and Winter (1982), technical progress is considered to have an intimate relation with a variety of economic phenomena such as productivity growth, competition among firms and patterns in international trade of manufactured goods.

The relation between technological change and economic growth and the understanding of their emergence and dynamics has been the object of numerous studies in the economic and political spheres. In this regard, another relevant stream of studies has been how the processes

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<sup>128</sup> “The broader connotations of “evolutionary” include a concern with processes of long-term and progressive change. The regularities observable in present reality are interpreted not as a solution to a static problem, but as the result that understandable dynamic processes have produced from known or plausibly conjectured conditions in the past – and also as features of the stage from which a quite different future will emerge by those same dynamic processes” (Nelson and Winter, 1982: 10).

“The core concern of evolutionary theory is with the dynamic processes by which firm behavior patterns and market outcomes are jointly determined over time”. (*ibid*: 18). The evolutionary theory of economic change involves the evolution of capabilities and behavior of business firms in a market environment (*ibid*).

<sup>129</sup> The Neo-Schumpeterian Economics is “the branch of economic literature which deals with dynamic processes causing qualitative transformation of economies basically driven by the introduction of novelties in their various and multifaceted forms. By its very nature, innovation and, in particular, technological innovation is the most explicit and most visible form of novelty. However, Neo-Schumpeterian Economics should be concerned with all facets of open and uncertain developments in socio-economic systems”. (Hanusch and Pyka, 2007: 275).

of innovation, imitation and competition influence the industrial performance and industrial structures (Dosi, 1988). These studies produced two dominant economic approaches: the neoclassical and the evolutionary. Despite disagreements on their behavioral foundations, both acknowledge the importance of innovation and technology for economic growth (Verspagen, 2005).

### **H.2.1 Evolutionary Principles Underpinning innovation and Technological Change**

As discussions on and exploration of economic theory and technicalities are beyond the purposes of this research and due the fact that the innovation research line and approaches followed herein were fully based on the evolutionary theory of economic change, the aspects and features of the neoclassical theory related to growth and change were not considered.

Many authors have contributed to put innovation, technological change and growth into an evolutionary perspective (cf. Dosi, 1988a). Richard Nelson and Sidney Winter made a fundamental and extremely valuable contribution to innovation studies in the evolutionary domain and in the firm's realm.

Their seminal work, "An Evolutionary Theory of Economic Growth", published in 1982, on industrial dynamics, knowledge-based firms, organizational memory, entrepreneurial and routinized technological regimes, "has produced extensive and valuable empirical work on how to measure and to determine what factors drive the development of 'general' innovations in firms" (Díaz Lopez, 2008: 24).

Nelson and Winter (1982: 22) argued that "the treatment of innovation within the evolutionary model provide a better basis for modeling economic growth fueled by technical advance than does the neoclassical model amended by the introduction of variables that represent technical change". In the evolutionary theory perspective, Nelson and Nelson (2002: 269) emphasized the need for economic growth "to be understood as the result of the progressive introduction of new technologies, which were associated with increasingly higher levels of worker productivity and the ability to produce new or improved goods and services".

The central idea underpinning the term "evolutionary theory", and its basic principles, borrowed from the scientific field of biology, projects the idea of a *simile* made between the natural biological selection processes with "natural economic selection".

"Market environments provide a definition of success for business firms, and that definition is very closely related to their ability to survive and grow. Supporting our analytical emphasis on this sort of evolution by natural selection is a view of the 'organizational genetics' – the processes by which traits of organizations, including those traits underlying the ability to produce outputs and make profits, are transmitted through time" (Nelson and Winter 1982: 9).

It can be argued that the successfulness of an output, in an economic system, is directly and intimately connected to its ability to adapt to the circumstances, needs and demands. Over time, the economic system produces a variety of novel outputs. Variety is then reduced by

selection processes influenced by “economic forces” as well as by institutional and social factors (Dosi, 1982 and Geels, 2004). The better adapted and the more fit innovations survive.

According to Verspagen (2005), evolution is the outcome of the constant interaction between variety and selection. Nelson (1995) emphasized that the dynamics of the opposing forces of variety creation, replication and selection, explain the extent of firm heterogeneity. In this dynamics, innovation functions as an important source of novelty generation and the selection mechanisms are largely based upon the economic and social institutions in modern economies (Geels, 2004).

A key idea behind the evolutionary concept of economic and technological change are partly based on the bounded rationality of individuals (economic agents) who are unable to maximize profits due to their incapacity to perceive all opportunities generated by the technological possibilities (Verspagen, 2005). Additionally, decision-makers operate under uncertainty in a changing and complex environment. For decision-making, they rely on simple and adaptive decision rules, which, evolved and accumulated from past experiences and can be changed overtime if changes prove to be successful and to be appropriately adapted to the changing environment. These concepts are assumed to be of great importance when studying the behavioral aspects of innovation.

The decision-making rules and routines represent the accumulated knowledge of the organization that has been developed *via* learning processes. They incorporate the organizations’ skills, capabilities, culture and belief systems, and are transmitted through time. In Nelson and Winter’s (1982) words, these processes constitute the “organizational genetics” or the “organizational memory”. Organizational routines are part of a larger institutional environment. The institutional context can act as a facilitator or as an impediment to technological change (Verspagen, 2005).

The “organizational genetics” of the firm have direct influence on the types and the quality of the interactions between technology, economy (economic agents) and institutions<sup>130</sup>, which provide the elements and dynamics required for economic and technological change to take place (Fagerberg, 2005 and Malerba, 2005). Moreover, the neo-Schumpeterian concept of economic and technological change indicates that knowledge, learning, technology, innovation and interaction are the major features and influencers of competitiveness and growth in globalizing and knowledge-based economies (Christ, 2007).

## **H.2.2 Evolutionary Economic and Technology Change: a Theory Based on Many Research Traditions**

Although most visible analogies related to the economic evolutionary theory are the ones borrowed from biology, according to Saviotti and Metcalfe (1991) the conceptual foundations

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<sup>130</sup> Many meanings are attributed to the concept of institutions in the broad economic and environmental literature. In the present research, for coherence with its objectives and its theoretical background, institutions are considered to be “a set of common habits, norms, routines, established practices, rules or laws that regulate the relations and interactions between individuals, groups, and organizations. They are the rules of the game”. (Edquist, 2005: 182).

of the evolutionary approach stems from five research traditions. It is appropriate to review them as their principles are valuable for a good understanding of the rationale behind the issues concerning innovation that are addressed in this thesis.

The first tradition has its origins in the work of economists such as Veblen, Marshall and Schumpeter who, according to Saviotti and Metcalfe (1991), were eminently evolutionary. “With evolution, Schumpeter meant qualitative, economic change brought about through innovation” (Fagerberg, 2002: 11).

“The changes in the economic process brought about by innovation, together with all their effects, and the response to them by the economic system, we shall designate by the term Economic Evolution” (Schumpeter, 1939; vol. I: 86)

The second tradition stems from biological research. Its long evolutionary tradition with a more complete conceptual structure provides the grounds from which the evolutionary metaphor “acts as a powerful force of suggestion and of questions to be posed in the economic sphere. It was therefore, quite important to see what similarities and differences there are between the conceptual foundations of an evolutionary approach in economics and in biology.” (Saviotti and Metcalfe, 1991: 2)

The third tradition relates to modern developments in chemistry and physics especially from non-equilibrium thermodynamics from which the concepts of chaotic and irreversible behavior derive, indicating the possibility of strongly path-dependent phenomena. “From this it follows that history matters and that the accumulation of ‘small’ random events can fundamentally shape behavior and options of future choice” (*ibid*: 3).

The fourth research tradition is the theory of complex systems, which gives an important contribution to the studies of the systemic nature of innovation. “(...) understanding the evolution and development of complex adaptive systems thus involves understanding how cooperation, coalitions and networks of interaction emerge from individual behaviors and feedback to influence those behaviors” (Levin, 2002: 3).

The fifth contribution to the evolutionary approach to economics, according to Saviotti and Metcalfe (1991), is the theory of firms and organizations from which the behavioral theories of the firm, the transaction cost analysis and the analyses of technological changes were developed.

These five research traditions *per se* represent a vast array of cross-disciplinary elements of innovation and technological change.

### **H.3.0 The Structure of Technical Change: Technological Paradigms, Trajectories and Regimes**

Technology undoubtedly occupies a central position in societies and it is believed to be a central tool to respond to the challenge of sustainability (Montalvo Corral, 2002). Even though technological changes alone may not be considered sufficient for achieving higher states of sustainability (Kemp, 1994), and may be considered secondary to institutional changes (Kemp

and Rotmans, 2005), “it is necessary to discuss how technology evolves and intertwines with the logic of industrial organizations” (Montalvo-Corral, 2002: 17).

Technology and technical changes have been the object of numerous studies of historians, economists and sociologists who attempted to conceptualize its ordering and structure (Kemp, 1994; Verspagen, 2005). According to Dosi (1982: 151) technology is defined as:

“(…) a set of pieces of knowledge, both directly ‘practical’ (related to concrete problems and devices) and ‘theoretical’ (but practically applicable although not necessarily already applied), know-how, methods, procedures, experience of successes and failures and also, of course, physical devices and equipment.”

This definition suggests that technology is a result of cumulative, evolutionary learning processes. Dosi (*ibid*) further illustrates that technology holds two intrinsic conceptual parts. The first is expressed by the “embodied” part of technology. It is represented by the achievements in the development of a technology and in a defined problem-solving activity that is embodied in physical devices. The second part of technology, the “disembodied” part, “consists of particular expertise, experience of past attempts and past technological solutions, together with the knowledge and the achievements of the ‘state of the art’” (*ibid*: 152).

Although the foregoing paragraphs shed a light on the nature of technology, they do not clarify much about the structure of its development. According to Dosi (Montalvo-Corral, 2002 *apud* Dosi, 1988b), at the core of any technological development is a “technological paradigm”. “A technological paradigm embodies strong prescriptions on the directions of technical change to pursue and those to neglect.” (Dosi, 1982: 152).

According to Dosi (1988b: 225) a technological paradigm is:

“(…) a pattern for the solution of selected techno-economic problems based on highly selected principles derived from the natural sciences. Therefore, it defines contextually the needs that are to be fulfilled, the scientific principles to be used for the tasks, and the material technology to be used. A technological paradigm is both a set of exemplars, basic artifacts, which are to be developed and improved and a set of heuristics. Where do we go from here? On what sort of knowledge should we draw?”

It can be argued that evolutionary mechanisms support and explain the development and survival of the technological paradigms in the socio-economic realm. Technological paradigms are part of Dosi’s “disembodied” conception of technology. They result from complex interactions of socio-economic agents, undergo a selection process by socio-economic forces and may become dominant for a long time. In this sense, the domination of a paradigm over others, sometimes better, competing technological possibilities lead to path dependence and technological “lock-in”<sup>131</sup> that, according to Arthur (1989), would be

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<sup>131</sup> Lock-in means that a particular technology or product is dominant, not because its inherent cost is low or performance is good, but because it enjoys the benefits of increasing returns to scale (source [http://en.wikipedia.org/wiki/Lock-in\\_\(decision-making\)](http://en.wikipedia.org/wiki/Lock-in_(decision-making))), accessed in February, 2013)

supported by learning effects and increasing returns to scale<sup>132</sup>, thus limiting the number of possible directions technological development may take.

The nature of the technological paradigms defines a multi-variable space within which the problem solving activities occur. “Once a path has been selected and established, it shows a momentum of its own, which contributes to define the directions toward which the ‘problem solving activity moves’” (Dosi, 1982: 153). That means that the paradigm, although establishing the technological limits, it allows for degrees of freedom, within its multidimensional space, for choices that conduct the evolution of technologies in selected directions termed, “technological trajectories”.

“A technological trajectory is a cluster of possible technological directions whose outer boundaries are defined by the nature of the paradigm itself” (*ibid*: 154). It represents a path of improvement taken by a given technology based on the perceptions, of technology agents, of a vast array of “opportunities, and the market and other evaluation mechanisms that determined what kinds of improvement would be profitable” (Dosi and Nelson, 1994: 161).

### **H.3.1 Technological Regimes: the Multidimensional Character of Technological Change**

As aforementioned, technology is commonly believed to be one of the most central elements to respond to the challenges of sustainability. Under the perception that technologies are made by humans guided by new ideas, a new outlook and a new set of assumptions, technological changes may be secondary to institutional changes (Kemp and Rotmans, 2005).

The environmental debate clarified and enhanced the value and the importance of innovation and the institutional contexts in the dynamics of technological change. This emergence evolved as the importance of technological innovation in reconciling economic development with ecological sustainability, as conceptualized by the ecological modernization theory<sup>133</sup>, demanded meso-level explanations and proposed that the focus should be placed on the co-evolution of technical and institutional innovations (Berkhout, 2002). This provided a multidimensional character to the structure and mechanisms of technological change.

This spirit was captured by the concept of the “technological regime”. This concept, proposed by Nelson and Winter (1982), relies on cognitive aspects, defines the limits for technological progress and it “is related to the technicians’ beliefs about what is feasible or at least what is worth trying” (Nelson and Winter, 1982: 258). Georghiou *et al.* (1986: 32) stated that:

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<sup>132</sup> Returns to scale: in economics, the quantitative change in output of a firm or industry resulting from a proportionate increase. Source: Encyclopedia Britannica at: <http://global.britannica.com/EBchecked/topic/500194/returns-to-scale>, accessed in May 2013).

<sup>133</sup> Ecological Modernization Theory is a social theory for understanding and explaining how and to what extent industrial production is transformed in a more ecologically sound direction. (Mol, 1995).

According to the theory, environmental productivity, i.e. productive use of natural resources and environmental media (air, water, soil, ecosystems), can be a source of future growth and development in the same way as labor productivity and capital productivity. This includes increases in energy and resource efficiency as well as product and process innovations such as environmental management and sustainable supply chain management, clean technologies, benign substitution of hazardous substances, and product design for environment. (source: [http://en.wikipedia.org/wiki/Ecological\\_modernization](http://en.wikipedia.org/wiki/Ecological_modernization)), accessed in March, 2013.



“(…) a technological regime is “a set of design parameters, which embody the principles that will generate both the physical configuration of the product and process and materials from which it is to be constructed. The basic design parameters are the heart of the technological regime, and they constitute a framework of knowledge which is shared by the firms in the industry”.

The concept of technological regime provides a description of the technological environment in which firms operate (Nelson and Winter, 1982).

As a technological regime evolves and survives the socio-economic and institutional selection processes, it becomes dominant and the reference of the techno-economic system.

A technological regime involves of a variety of technological paradigms and technological trajectories. This can be illustrated by the aircraft industry (Nelson and Winter, 1977) in which the manufacturing of its artifacts “require many different knowledge bases, different types of engineering skills, linkages with information networks and interactions with different supply industries.” (Kemp, 1994 *apud*: Georghiou *et al.*, 1986: 34).

Technological regimes are composed of stable assemblages of technical artifacts, organized in co-evolving market and regulatory frameworks (Berkhout, 2002). Dosi and Nelson (1994) define technological regime as ample interconnections of economic agents and institutional frame interacting along specific trajectories. According to them, the “technological regime” is:

“(…) the complex of firms, professional disciplines and societies, university training and research programs, and legal and regulatory structures that support and constrain development within a regime and along particular trajectories.” (Dosi and Nelson, 1994: 161).

On the other hand, Breschi *et al.*, (2000) argued that the development of a “technical regime” and its preponderance in the techno-economic domain are related to a particular combination of four fundamental factors: (a) technological opportunities, (b) appropriability<sup>134</sup> of innovations, (c) cumulateness of technological advances, and (d) properties of the knowledge base.

“A technological regime defines the modal properties of learning processes, sources of knowledge and nature of knowledge bases that are associated with the innovation processes of firms active in distinct sets of production activities” (Marsili, 2002: 218, *apud* Dosi, 1982).

Because the nature, rate and direction of change in technological regimes differ from change in discrete technological artifacts, there has been an increasing interest and emphasis on technological regimes (Berkhout, 2002).

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<sup>134</sup> Appropriability: (a) a term used in microeconomics that refers to “the ability of a social initiative to extract or capture value” (Husted and Allen, 2011: 91), (b) “appropriability of innovations summarizes the possibilities of protecting innovations from imitation and of reaping profits from innovative activities (Malerba, 2002: 252), (c) (*economics*) the environmental factors that govern an innovator's ability to capture profits generated by an innovation (<http://www.allwords.com/word-appropriability.html>). Accessed in January, 2011.

The concepts of technological paradigms, trajectories, and regimes exposed two fundamental characteristics of the structure of technological change. The first revealed its multidimensional, multidisciplinary, systemic and complex character. The second shows that technological change can be supported and guided by evolutionary processes whereby, the development and cumulativeness of knowledge and the behavioral and learning processes play a pivotal role.

#### **H.4.0 The Systemic Nature of Innovation**

In the previous sections, innovation and technological changes were presented in light of their evolutionary characteristics. The concluding paragraph of Section H.3.1 synthesized the foregoing discussions by highlighting two characteristics of technological change that call attention to its multidimensional, multidisciplinary, systemic, complex and evolutionary character.

Innovations are not produced unexpectedly. Firms deliberately innovate through complex dynamic processes that involve a series of relationships between interrelated and interdependent agents and environmental and socio-economic variables (individuals and organizations) (Edquist, 2005). Section H.4 takes a closer look into these characteristics and explores the systemic nature of innovation.

At this point, this researcher emphasizes that, although the systemic nature of the innovation processes provided important theoretical elements for this thesis research, this study does not include the dynamics (dynamics of innovation) underpinning the formation and the functioning of the innovation systems.

The interests of this thesis author focused upon the motivational factors that represent incentives or disincentives for such processes to take place. It can be argued that they could be called pre-innovation behavioral elements.

More specifically, the main objective was to identify and assess important factors (determinants) that can contribute to promote firms' intention (willingness) to deliberately engage, or not, in innovation processes (cf. Chapter 5). According to Ajzen (1988 and 1991), intention is the immediate determinant of an action (behavior). In this research, companies' willingness to engage in eco-innovation activities was considered a pre-condition and a precursory stage of actual engagement processes.

In this thesis, as a result of the chosen behavioral theoretical approach ("The Theory of Planned Behavior") (cf. Section 3.2), firms' engagement was related to pressures exerted by the firm's internal and external factors on companies' managers and decision-makers' beliefs and perceptions. Many of these potential determinants were provided by the building blocks of the "Sectoral Systems of Innovation" (SSI) (cf. Section 3.1) framework, which were developed under the tenets that support the systemic nature of innovation.

#### H.4.1 Systems of Innovation Seen from a Complex and an Evolutionary Perspectives

The systems of innovation (SI) concept emerged in the 1980s and had its first appearances in the works developed by Christopher Freeman, Bengt-Åke Lundvall and Giovanni Dosi.<sup>135</sup> According to Lundvall (2007), the concept was developed as “an alternative analytical framework to standard economics and was used to criticize its neglect of dynamic processes related to innovation and learning when analyzing economic growth and economic development” (Lundvall, 2007: 96).

The concept was initially developed for the analysis of economic and innovation processes at the national level. It was further adopted as a theoretical base for the analyses at different levels of aggregation (boundaries of the system) that “can be supranational, national or sub-national; at the same time there may be sectoral dimensions within any of these geographical demarcations” (Edquist, 2005: 199) in a mutual complementary character. Systems of innovation can also assume the character of a technological system when it is delimited by specific technological fields or product areas. In this case it occupies the same category as the sectoral systems of innovation (Johnson *et al.*, 2003).

The idea of innovation, as a systemic process, was developed upon observations that companies almost never innovate in isolation (Edquist, 1997 and 2005; Fagerberg, 2005). They interact with other economic agents (firm and non-firm) in multiple ways. Putting it in a simple way, Lundvall (2007) stated that in the process of innovative economic and technological change, these interactions between elements are as important as the elements themselves and that the whole is more than the sum of the parts.

“The national innovation system is an open, evolving and complex system that encompasses relationships within and between organizations, institutions and socioeconomic structures which determine the rate and direction of innovation and competence building emanating from processes of science based and experience based learning.” (Lundvall *et al.*, 2009: 7)

The formulation of the systemic approach to innovation processes can be interpreted as an application of theoretical foundations of the “Advanced Systems”<sup>136</sup> formulations. Such systems apply nonlinear dynamic systems theory (complex systems) to social phenomena (Deneke, 1998).

Deneke (*ibid*: 106) further argued that these “Advanced Systems” involve the following types of elements:

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<sup>135</sup> For a brief historic view of the emergence and background of the concept of systems of innovation refer to Freeman (1995) and Lundvall (2007).

<sup>136</sup> An advanced system is a term invoked by Deneke (1998) to represent a variety of applications of nonlinear dynamical systems theory to social phenomena and to distinguish these from conventional systems.

- “Techniques, which explore how patterns of order arise out of disequilibrium (‘self-organization’<sup>137</sup> and ‘dissipative structures’<sup>138</sup>);
- Methods that account for nonlinear dynamics (including ‘chaotic attractors’) through which small changes can produce dramatic results;
- Ecological representations of human behavior (‘systemic’ and ‘synergistic’ as well as individualistic), and
- Indices, which represent ‘novelty’ and ‘creativity’, as well as learning and adaptation.”

This corroborates Lundvall’s (2007: 101) argument that the innovation process “may be seen as an intricate interplay between micro and macro phenomena where macro-structures, condition micro-dynamics and vice versa new macro-structures are shaped by micro-processes”. He further stated that, from this perspective, systems need to be seen as complex and as being characterized by processes of co-evolution and self-organization. In complex systems, the system’s properties emerge as a product of the interaction of their constituent parts, feedback mechanisms, and are different from the properties of the individual parts.

Edquist (2005) emphasized the usefulness of relating the SI approach to the “general systems theory”. He also quoted Ingelstam (2002) to define the main characteristics of a system which are synthetically described:

- A system is comprised of two kinds of constituents: its components and the relations among them;
- The system has a function; it performs or achieves something;
- It must be possible to discriminate a system from the rest of the world.

Additionally, by incorporating the evolutionary heritage of the processes of technological change and innovation, the SI concept provides a systems-oriented perspective that introduces the sense of evolution and complex dynamics to innovation processes. These processes include the predominance of feedback mechanisms, and the interactive relations involving scientific and social elements.

This constitutes a much different approach than the linear-oriented innovation models used in the past when industrial innovation processes were perceived as a linear progression from

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<sup>137</sup> “Self-organization is a process where some form of global order or coordination arises out of the local interactions between the components of an initially disordered system. This process is spontaneous: it is not directed or controlled by any agent or subsystem inside or outside of the system; however, the laws followed by the process and its initial conditions may have been chosen or caused by an agent. It is often triggered by random fluctuations that are amplified by positive feedback. The resulting organization is wholly decentralized or distributed over all the components of the system. As such it is typically very robust and able to survive and self-repair substantial damage or perturbations.”

Source: <http://en.wikipedia.org/wiki/Self-organization>. Accessed in April 2012.

<sup>138</sup> “A dissipative structure is a dissipative system that has a dynamical regime that is in some sense in a reproducible steady state. This reproducible steady state may be reached by natural evolution of the system, by artifice, or by a combination of these two. A dissipative structure is characterized by the spontaneous appearance of symmetry breaking and the formation of complex, sometimes chaotic, structures where interacting particles exhibit long-range correlations. Source: [http://en.wikipedia.org/wiki/Dissipative\\_system](http://en.wikipedia.org/wiki/Dissipative_system). Accessed in April 2011.

basic research to the placement of products in the market domain (Edquist, 1997 and Berkhout *et al.*, 2007).

#### **H.4.2 Important Features of the Systems of Innovation**

As noted in Section H.4.1, firms almost never innovate in isolation. In the complex process of innovation, they interact with other firms and non-firms organizations for the creation of new solutions of economic significance. These processes allow for the creation of innovations that have direct relation to the emergence and diffusion of knowledge elements (Edquist, 1997). These relations between organizations are regulated by institutions, which are increasingly seen by evolutionary economists to “mold the technologies used by a society and by technological change itself” (Nelson and Nelson, 2002).

Lundvall (2007) presented what he considered the main constituents of the systems of innovation. He highlighted that the economic structure of production (organizations) and the institutional setup are the two dimensions of the systems of innovation and placed knowledge as the most important resource and learning as the most important process.

Lundvall’s argument that the economic structure of production, institutions, knowledge and learning are the most important components of the systems of innovation, fully embraces the evolutionary theory and institutional analyses.

On the evolutionary side, the theory puts knowledge, learning and routines at a central place. Routines are the “organizational genetics” and are important elements for the creation and diffusion of knowledge and are a result of learning processes (Nelson and Winter, 1982).

According to Nelson and Sampat (2001) routines encompass two different aspects. The first aspect is called “physical” technologies. “Physical” technologies are related to the division of labor and to aspects associated with specialization of the agents (individuals and organizations) involved in the process. The term is related to what is normally considered “technology”. The second, called “social” technologies, correspond to institutions in the sense that they are predicated by the field of institutional economics<sup>139</sup>. They are the set of factors that mold and define human interactions, both within and among organizations (Nelson and Nelson, 2002).

Organizations are formal structures that are consciously created and have an explicit purpose. They are the players or the actors (Edquist and Johnson, 1977 *apud* Edquist, 2005). It is important to call attention that, at least for the purposes of this thesis research, organizations are made by and are comprised of individuals, which are ultimately responsible for organizational behavior.

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<sup>139</sup> Institutional economics focuses on understanding the role of the evolutionary process and the role of institutions in shaping economic behavior. Source: [http://en.wikipedia.org/wiki/Institutional\\_economics](http://en.wikipedia.org/wiki/Institutional_economics) accessed in December, 2011

Another important feature concerning the systems of innovation that is very useful in the analysis and the comprehension of these systems, in terms of their relevant organizations (actors), institutions, behavior and dynamics interactions, is how its borders can be defined.

According to Lundvall (2007), systems of innovation can be defined in two steps: the core and the wider setting of the system. “It is possible to define the core with reference to innovation theory and empirical research. The question about what parts of the economy need to be included in the wider setting has much to do with the purpose of the analysis and with *ex ante* insights about causalities and interdependencies in the system” (*ibid*: 102).

He further stated that to “visualize these two ‘levels’ one can locate a core and place a wider setting around it. The core of the innovation system is thus, the firms in interaction with other firms and with the knowledge infrastructure” (*ibid*: 102).

The theoretical exploration and exploitation of the systemic nature of innovation provides an appropriate structure for knowledge to be created, to evolve and to be diffused within and across its boundaries. Learning processes are facilitated and enriched by dynamic relationships of agents, which are interconnected, are submitted to feedback processes and whose capabilities and competences are complementary.

The development of the concept of systems of innovation, due to its flexibility and openness, establishes the theoretical framework for different forms of specialized efforts in the field of innovation research and on the learning economy (Lundvall, 2007). It can be exemplified by the concept of sectoral innovation systems.

#### **H.5.0 Environmental Innovation Systems (Eco-Innovation)**

It is widely accepted by academic and economic circles that innovation is one of the main driving factors for the promotion of technical change and represents a powerful engine for economic development, competitiveness and societal wealth creation (cf. section H.1). Despite the importance of the environment in the economy (cf. Chapter 3), “most research in this tradition was concentrated on economic consequences of innovation and has seldom taken environmental considerations into account” (Weber and Hemmelskamp, 2005: 1).

One ought not to forget that the economy is supported by and is inextricably inter-dependent upon natural resources (cf. Chapter 3) and that detaching the environment from the focus of economic and innovation analysis will result in economic and social “suicide” in the long-term.

According to Weber and Hemmelskamp (*ibid*), it is essential that innovation advances must go beyond the technological domains. It should also address the environmental, social, psychological and other qualitative outcomes. These challenges must also include system level changes along the production-consumption chain, its flows, its multi-level architecture, its institutions and structures, and the behavior of actors involved in it.

“Innovation systems that are required to generate environmental system innovation require new policies and governance approaches operating at and

coordinating between different levels and realms of policy-making”. (Weber and Hemmelskamp, 2005: 1)

That is precisely the main concern of this section. Here, the intention is to explore the underpinning concepts and foundations of the domain of the environmentally induced technological innovation processes. That is, environmentally induced innovation studies that in addition to focusing upon the environment, they also relate to changes in technology, institutions and behavior of the market actors (Berkhout, 2005).

It is important to emphasize that eco-innovation, at its basic level, differs from “normal innovation”<sup>140</sup> in the sense that it proposes profound changes in the: (a) the ways of life, (b) the way products are manufactured, and (c) the logic behind services. The concept of eco-innovation carries the challenge for a radical remodeling of societies’ relations with the environment.

It can be argued that, even though sharing the same theoretical and conceptual origin, eco-innovation processes differ from “normal innovations”. Such differences are based upon the fact that, while both have fundamental concerns for business competitiveness, eco-innovation focus on sustainable development’s demands for broad structural changes in society (OECD, 2009). Additionally, two more characteristics of eco-innovation make it different:

- “It is not an open-ended process as it represents innovation which explicitly emphasizes the reduction of environmental impacts, whether intended or not;
- Eco-innovation is not limited to innovation in products, processes, marketing methods and organizational methods, but also includes changes in social and institutional structures”. (OECD, 2009 *apud* Rennings, 2000)

Section H.5 represented a shift from the foregoing innovation related sections to the realm of eco-innovation. The ideas and conceptual fundamentals, herein discussed, can be exemplified by the concept of “Environmental Innovation Systems” (EIS) (cf. Weber and Hemmelskamp, 2005).

By merging the innovation and environmental (sustainability) streams of research, EIS concepts were designed “to provide a theoretical and conceptual foundation for a better understanding of the role of framework conditions for innovations towards sustainability and in particular the possibilities of inducing systems innovation by means of policy” (*ibid*: 2),

The EIS approach combines elements of innovation research, environmental economics and policy analysis to develop a new and applied perspective of environmental innovation characterized by the following five characteristics:

- “Functional changes with a jump in eco-efficiency”<sup>141</sup>;

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<sup>140</sup> “Normal” innovations are developed for normal market reasons of reducing costs or for providing better services to users” (Merit *et al.* 2007: 5).

<sup>141</sup> As defined by the WBCSD: Eco-efficiency is achieved by the delivery of competitively-priced goods and services that satisfy human needs and bring quality of life, while progressively reducing ecological impacts and

- A combination of technological, organizational and institutional innovations;
- The involvement of a multitude of actors;
- The existence of new, guiding principles and sets of goals, and
- Long-term changes at micro and meso levels”. (*ibid*: 1)

### H.6.0 Defining Eco-innovation

Since its first appearance in 1996, in the book “Driving Eco-Innovation: A Breakthrough Discipline for Innovation and Sustainability”, by Claude Fussler and Peter James, the term and the concept of eco-innovation have sparked an ongoing academic debate on its meaning and nature (Díaz López, 2008). Scholars across the globe have proposed a multitude of definitions reflecting their own personal visions and understanding. Those definitions contain varying degrees of similarities and differences. MERIT *et al.* (2008a) highlighted that those definitions are fundamentally based on motivational and on performance aspects. Díaz López (*ibid*) and Carrillo-Hermosilla *et al.* (2008) reviewed an interesting array of such definitions.

According to Díaz López (*ibid*), his analysis of the definitions of eco-innovation showed that, because eco-innovations are different from the conventional notion of innovation, different authors have recognized the need for providing an operational definition of environmental innovation.

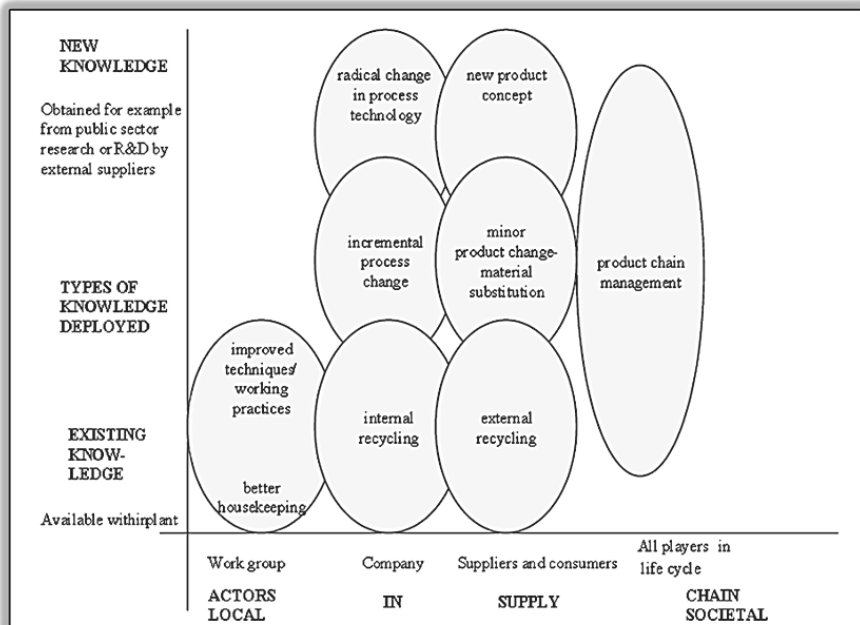
He also observed that the assessment of such definitions indicated that the use of knowledge constitutes a core element in the eco-innovation domain. Although knowledge occupies a central position in the development of innovations, it assumes different characteristics in the eco-innovation processes as compared to “normal innovations”. Its focus on environmental problems (and their specific solution patterns) and the inclusion of companies’ organizational and managerial aspects associated with markets and the broad societal demands and behavior, calls for the use and the development of specific and trans-disciplinary knowledge and competencies along the value chain (Kemp *et al.*, 2004) as illustrated in Figure 16.1

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resource intensity throughout the life-cycle to a level at least in line with the earth’s estimated carrying capacity. In short, it is concerned with creating more value with less impact (World Business Council for Sustainable Development (2000), *Eco-efficiency: creating more value with less impact*). Eco-efficiency is a management philosophy to guide and to measure companies and other actor’s development in environmental performance. Eco-efficiency combines environmental gains with economic gains (Kemp *et al.*, 2004)



Figure 16.1- The relations of knowledge and actors in eco-innovation processes along the production chain



Source: Kemp *et al.*, 2004 *apud* Clayton, Anthony, Graham, Spinardi and Robin Williams (1999), *Policies for Cleaner Technology: A New Agenda for Government and Industry*. Earthscan Publications Ltd., London, p.273

In the vast universe of definitions of eco-innovation in the literature, two appear (cf. Table 16.1) to be consistent with what has been discussed in this section. In fact, both have the same inspirational origins in the OECD Oslo Manual (OECD and EUROSTAT, 2005) and are in line with “MEI Project”<sup>142</sup> (MERIT *et al.*, 2008b) standpoint that eco-innovation operational definitions should be based on environmental performance because it is essential to know whether there are positive environmental effects related to its production and use. “Past studies of eco-innovation have focused on environmentally *motivated* innovations, overlooking the environmental gains from ‘normal’ innovations” (MERIT *et al.*, 2008b: 5).

<sup>142</sup> MEI is a project for the European Commission funded by DG Research. MEI stands for Measuring Eco-Innovation. Specifically, MEI offered a conceptual clarification of eco-innovation (developing a typology) based on an understanding of innovation dynamics. It identified and discussed the main methodological challenges in developing indicators and statistics on eco-innovation and how these may be overcome. Source: <http://www.merit.unu.edu/MEI/>. Accessed in January, 2010.



OECD Countries (Source Wikipedia.com)

Table 16.1- Operational eco-innovation definitions that underpin this thesis research

Eco-innovation Definition	Author	Background
"The production, assimilation or exploitation of a product, production process, service or management or business method that is novel to the organization (developing or adopting it) and which results, throughout its life cycle, in a reduction of environmental risk, pollution and other negative impacts of resources use (including energy use) compared to relevant alternatives"	Merit <i>et al.</i> , (2008)	- OECD Oslo Manual (2005) - MEI Project about Measuring Eco-Innovation, Final Report Under the EU's 6th Framework Programme
"The creation or implementation of new, or significantly improved, products (goods and services), processes, marketing methods, organizational structures and institutional arrangements which - with or without intent - lead to environmental improvements compared to relevant alternatives"	OECD, (2009)	- Oslo Manual (2005) - METI (2007) - Reid and Miedzinski (2008) - MERIT <i>et al.</i> (2008)

Source: Author. Adapted from MERIT (2008a) and OEDC (2009)

In line with Arundel and Kemp (2009), some important points emerged from these definitions: (a) the inclusion of implementation<sup>143</sup> of eco-innovations developed by a different firm (b) explicit emphasis on product life cycle and on (c) institutional innovations.

Another important point is the prominence that was given to the concept of novelty. MERIT *et al.* (2008a: 6) emphasized that "while there should be an element of novelty, the novelty does not have to be a novelty new to the world but may also exist in something being novel to a firm. This distinction between innovations that are 'new to the market' and those that are 'new to the firm' is important for assessing the diffusion of innovations".

One point that is important to be highlighted is that, in practice, business and the academic world are still struggling to come up with a universally agreed upon operational definition of eco-innovation. In this regard, the fact that the definitions stated in Table 16.1) are partially based on the OECD's Oslo Manual (OECD and EUROSTAT, 2005) may help in facilitating a broader acceptance of and agreement with their ideas and concepts as the manual is the guidebook for the official innovation surveys of almost all OECD countries.

<sup>143</sup> Combined invention, innovation and implementation constitute what is called the innovation process that should also be applicable to eco-innovation (OECD, 2009)

### H.6.1 Typological Aspects of Eco-Innovation

Taxonomic structuring of concepts and data related to any field of study essential for achieving a better understanding of the related processes, their organization, the measuring of its properties and characteristics to carry out comparative studies and to support the process of theory development. “One plausible reason for the popularity of typologies is that they appear to provide a parsimonious framework for describing complex organizational forms and for explaining outcomes such as organizational effectiveness or groupthink” (Doty and Glick, 1994: 230).

In technological innovation studies, classification schemes help in providing explanations “that have implications for our understanding of the sources and directions of technical change, firms’ diversification behavior, the dynamic relationship between technology and industrial structure, and the formation of technological skills and advantages at the level of the firm, the region and the country” (Pavitt, 1984: 343).

Eco-innovation is a new approach and is unique in some sense. Different attempts have been made to construct a classification system for eco-innovations (Arundel and Kemp, 2009). In the case of eco-innovation definitions, scholars and practitioners have not come up with a commonly agreed upon classification. Table 16.3 through Table 16.6 show some examples of eco-innovation classification schemes excerpted from recent works in the mainstream eco-innovation literature (Andersen, M. M., 2006; MERIT *et al.*, 2008a and 2008b; Carrillo-Hermosilla *et al.* 2009 and OECD, 2009).

They present some important points drawn from innovation and environmental studies, which are noteworthy. One is the fact that, although authors clarify their own perceptions on the subject, they mostly share the same concepts underpinning eco-innovation. This suggests that even if there might be some divergences in perceptions, these authors support the main theories and approaches underpinning them. Secondly, corroborating with Arundel and Kemp (2009), eco-innovation, from a wider system point of view, are classified as being sustaining or disruptive (incremental and radical). The third point is related to the extensive incorporation of organizational and institutional innovation in the different classification systems. Fourthly, this thesis author’s perception of eco-innovation at the system level and along life cycles calls attention to the inclusion of the concept of boundaries of the innovation system and to the time- frame domain(s).

Another interesting classification scheme is the one proposed by MERIT *et al.* (2008b). They regard the way innovative firms can be classified based on “how each firm innovates (by developing innovations for other firms or by adopting innovations developed elsewhere in a strategic or passive way)” (*ibid*: 8). The classification is composed by four mutually exclusive categories, which are presented in Table 16.2.

Table 16.2- Classification of eco-innovating firms according to the Mei Project

Innovative Firm Class	Characteristics
Strategic eco-innovators	Active in eco equipment and services sectors, develop eco-innovations for sale to other firms
Strategic eco-adopters	Intentionally implement eco-innovations, either developed in-house, acquired from other firms, or both
Passive eco-innovators	Process, organizational, product innovations etc. that result in environmental benefits, but where there is no specific strategy to ecoinnovate.
Non eco-innovators	No activities for either intentional or unintended innovations with environmental benefits.

Source: author - adapted from MERIT *et al.* (2008b)

Table 16.3- Classification of eco-innovation according to Carrillo-Hermosilla, Gonzalez and Konnola

Author	Dimensions/Categories	Types	Characteristics
Javier Carrillo-Hermosilla, Pablo del Rio Gonzalez and Totti Konnola	Design	Component addition	Development of additional component to improve environmental quality.
		Sub-system change	Improvement of the sub-system to reduce negative impacts on the environment.
	User	System change	Re-design of systems to be compatible with eco-systems.
		Development	Innovation is initiated and/or developed by users
	Product service dimension	Acceptance	Changes in user behavior, practices and processes for the application of the innovation.
		Change in product service deliverable	Changes in the product service delivered and changes in the perception of the customer relations.
Governance	Change in the value-chain process and relations	Changes in the value-chain process and relations that enables the delivery of the product service.	
Governance	Governance	Refers to all new and applied institutional and organizational solutions for resolving conflicts over environmental resources both in the public and private sectors.	

Source: Carrillo-Hermosilla *et al.* (2009).

Table 16.4- Classification of eco-innovation according to the MEI project

Author	Dimensions/Categories	Types	Characteristics
MEI (MEI Project about Measuring Eco-Innovation under the EU's 6th Framework Programme)	Environmental technologies	<p>Pollution control technologies</p> <p>Cleaning technologies</p> <p>Cleaner process technologies</p> <p>Waste management equipment</p> <p>Environmental monitoring and instrumentation</p> <p>Green energy technologies</p> <p>Water supply</p> <p>Noise and vibration control</p>	<p>Includes waste water treatment technologies</p> <p>Treat pollution released into the environment</p> <p>New manufacturing processes that are less polluting and/or more resource efficient than relevant alternatives</p>
	Organizational innovation for the environment	<p>Pollution prevention schemes</p> <p>Environmental management and auditing system</p> <p>Chain management</p>	<p>Formal systems of environmental management involving measurement, reporting and responsibilities for dealing with issues of material use, energy, water and waste.</p> <p>Cooperation between companies so as to close material loops and to avoid environmental damage across the value chain (from cradle to grave).</p>
	Product and service innovation offering environmental benefits	<p>New or environmentally improved products (goods)</p> <p>Green financial products</p> <p>Environmental services</p> <p>Services that are less pollution and resource intensive</p>	<p>Includes eco-houses and buildings</p> <p>Such as eco-lease or climate mortgages</p> <p>Solid and hazardous waste management, water and waste water management, environmental consulting, testing and engineering, other testing and analytical services.</p>
Green system innovation	Alternative systems of production and consumption	Are more environmentally benign than existing systems.	

Source: author - adapted from MERIT *et al.* (2008a)

Table 16.5- Classification of eco-innovation according to the Organization for Economic Co-operation and Development (OECD)

Author	Dimensions/Categories	Types	Characteristics
Organisation for Economic Co-operation and Development (OECD)	Target  (refers to the basic focus of eco-innovation)	Products  Processes  Marketing methods  Organizations  Institutions	Involving goods and services.  Production methods of procedures etc.  Referring to the promotion and pricing of products and other market-oriented strategies.  Such as the structure of management and the distribution of responsibilities.  Which include the broader societal area beyond a single organization's control, such as institutional arrangements, social norms and cultural values
	Mechanism  (relates to the method by which the change in the eco-innovation target takes place or is introduced. It is also associated with the underlying nature of the eco-innovation – whether the change is of a technological or non-technological character)	Modification  Re-design  Alternatives  Creation	Such as small, progressive product and process adjustments.  Referring to significant changes in existing products, processes, organizational structures, etc.  Such as the introduction of goods and services that can fulfill the same functional need and operate as substitutes for other products.  The design and introduction of entirely new products, processes, procedures, organizations and institutions.
	Impact  (refers to the eco-innovation's effect on the environment, across its lifecycle or some other focus areas)		Potential environmental impacts stem from the eco-innovation's target and mechanism and their interplay with its socio-technical surroundings. Given a specific target, the potential magnitude of the environmental benefit tends to depend on the eco-innovation's mechanism, as more systemic changes, such as alternatives and creation, generally embody higher potential benefits than modification and re-design.

Source: author - adapted from OECD (2009)



Table 16.6- Eco-innovation classification according to Maj Munch Andersen

Author	Dimensions/Categories	Types	Characteristics
	Add-on innovations	Pollution- and resource handling technologies and services.	These are products (artifacts or services) that improve the environmental performance of the customer. The product in itself need not be environmentally friendly.
	Integrated innovations	Cleaner technological processes and cleaner products.	These are innovations, which contribute to the solutions of environmental problems within the company or other organizations (public institutions, families...), in this sense they are integrated. They are the solutions which contribute to changing production and consumption practices in organizations, most importantly in companies.
Maj Munch Andersen	Eco-efficient technological innovations	New technological paths.	These are innovations that represent a technological discontinuity. They are not cleaner than similar products but rather offer very different solutions (a new technological trajectory) to existing solutions. These radical innovations have wide systematic effects; they built on new theories, competencies and practices and may demand a change of both production and consumption patterns.
	Eco-efficient organizational innovations	New organizational structures.	These innovations entail new concepts for an eco-efficient way of organizing society. This means new ways of organizing our production and consumption at the system level, with new functional interplays between organizations, e.g. between companies ("industrial symbiosis"), between families and workplaces etc. ("Urban ecology").
	General purpose eco-efficient innovations		

Source: author - adapted from Andersen (2006)

At the closure of this Section on eco-innovation, it is this thesis author's belief that the review of the mainstream recent literature, on its definitions and classification schemes, suggests that its principles and supporting theoretical background appear to be consolidated and accepted by academic and practitioner's communities. The literature analysis has also revealed that even though there are a few differences in the categories of eco-innovations, the literature consulted for this review demonstrated that authors mostly agree with the principles behind the eco-innovation research field. This makes a strong point and develops the required confidence for their utilization within this research.

### **H.7.0 Theoretical Aspects of Eco- Innovative Behavior**

As stated previously, innovation theory and its behavioral aspects are important theoretical pillars that support and form the structure for this thesis's research. In this respect, the previous sections were entirely devoted to present the aspects, principles and relations that underpin technological change, innovation and eco-innovation that are of interest in this work.

Section H.7 discusses the behavioral theoretical grounds that support eco-innovation processes. It builds upon the previous sections of this thesis research. The main objective of this section is to provide a testable theoretical body for conducting the micro to meso level study designed to gain an understanding of the determinants of eco-innovative behavior in the Brazilian petrochemical sector.

#### **H.7.1 The Contribution and Importance of Behavioral Theory and Behavioral Models to the Innovation Domain**

Social human behavior in the industrial realm, at the firm and sector levels or at the supply and demand sides, plays a fundamental role in the innovation processes. At the firm level, owing to its evolutionary heritage, innovation studies establish a primary dependence of innovation on individual and organizational behavior. This is illustrated by Nelson and Winter (1982: 72) who addressed concerns "with the behavioral aspects of firms and other organizations". They explored the connections between routines and innovations and clarified how innovative activities relate to the general image of firm's behavior that is governed by its routines.

This view is shared and reinforced by (Meeus and Oerlemans, 2000) who argued that innovative activities were understood as a component of behavioral routines, which determine the competitive edge of firms.

As previously noted in Section H.4, innovations and routines are not produced unexpectedly. Firms deliberately innovate and dedicate financial, material and cognitive resources to that purpose. Cognitive resources can be traced back to the individual level (Beckenbach and Daskalakis, 2008). "Investigating the reason why a firm's agents leave well-established routines and switch to a highly uncertain innovation process, is a further important aspect of a behavioral foundation of innovation processes" (*ibid*, 182).

In this regard, the study of determinant factors that can influence companies to change their behavior towards the environment and promote their deliberate engagement in eco-innovative activities, is the most important contribution of this thesis research to innovation studies.

By providing an understanding on and an explanation of these influences on the development of companies' intention (willingness) to engage in pro-environmental behaviors, it is expected that this work contributes to diminish the "somewhat strange neglect of the behavioral aspects related to the innovation process" (Beckenbach and Daskalakis, 2008: 181).

It is important to underscore that innovating means undergoing processes of change. As these processes are socially induced and constructed, it seems plausible that, as in any human social activity, they are molded and mediated by factors that determine and shape human behavior.

Explaining why and how innovative behavior takes place at the firm level and identifying the elements that determine and influence (incentives and disincentives) innovation processes have been major challenges in theoretical and empirical innovation studies (Montalvo, 2006). According to Montalvo (*ibid*: 312), these studies and challenges have been historically adversely influenced by some shortcomings that reside in "three fundamental concerns about the current state of the innovation literature (...) concerning the capacity of current models to explain and predict innovative behaviors":

- a) A commonality of current theories and studies is that they tend to put emphasis on individual factors as determinants of the innovative behavior and much of the knowledge is still rather fragmented due to the lack of the unification of diverse insights;
- b) No models have been provided to facilitate the quantitative empirical test of the influences of these individual factors;
- c) The literature does not propose methodologies to assess the origin of such dissonance between cognition and behavior.

This vision of fragmented, dissimilar factors influencing behavior was also shared by Bamberg and Schmidt (2003: 265):

"(...) many of these studies were exploratory in nature. As such, many of them examine variables without providing a strong theoretical basis for doing so. Often it remained unclear how these factors relate to each other when studying environmental behavior".

In order to overcome these shortcomings, Montalvo (*ibid*) emphasized the need for the provision of a single theoretical body that could unify the many fragmented insights, individual determinants and dissimilar factors<sup>144</sup> attributed to the occurrence of innovative behavior in organizations by current theories and studies (*ibid*).

This was translated as a need for the development of a theoretical and methodological approach that enabled the integration of insights from diverse areas of innovation studies towards the explanation of innovative behavior of the firm in specific contexts.

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<sup>144</sup> "e.g. institutional arrangements, entrepreneurial or risk taking behaviors, economic opportunities, organizational learning, technological and organizational capabilities, etc.". (Montalvo, 2006: 312).

According to Bamberg and Schmidt (*ibid*: 265) “a great advantage of theory-driven models is that they contain precise operationalization of the theoretical constructs used and specify the causal processes through which they affect behavior”.

As a consequence, Montalvo Corral (2002) proposed a behavioral structural descriptive model (cf. Chapter 5) that:

“Compared to previous models that explain the innovative behavior of firms, the structural model proposed (...) not only enables to comprehensively explore the internal and external operating contexts of the firm. In addition, it allows assessing the influences between the predictors and the propensity of the firm to innovate and explore what type of relationship could exist among variables”. (Montalvo, 2006: 320)

Following Montalvo Corral’s (2002) seminal work, this thesis research was designed to contribute to behavioral sciences and innovation research fields. It developed insights and reflections designed to help to reverse the historical neglect related to the behavioral aspects of innovation. In addition, this research can contribute to the field of innovation economics as “analyzing the behavioral foundations of innovation should be viewed as a one main topic of innovation economics” (Beckenbach and Daskalakis, 2008: 181).

In addition, this thesis research contributes to the field of behavioral economics, which “uses evidence of psychology and other disciplines to create models of limits on rationality, willpower and self-interest, and explores the implication in economic aggregates” (Camerer, 2006: 181).

“(…) economic theory is more than an analogy to behavioral psychology; economics is also a science of behavior, albeit that of highly organized human behavior” (Hursh, 1984: 435).

The need for a unifying theoretical body for predicting and explaining human social behavior has produced a variety of social-psychological theories used for the explanation and prediction of social behavior. They cover different grounds and incorporate many diverse insights, approaches and theoretical formulations. Such theories have been applied to a variety of different contexts producing many different results (cf. Bamberg and Schmidt, 2003). Additionally, behavioral theories and models harbor the analytical problem related to the level of analysis.

“Notably, for more than a hundred years, economics (...), sociology (...) and the philosophy of science (...) have witnessed a debate as to whether individuals (‘micro’) or social collectives (‘macro’) have explanatory primacy. This debate has raged under the label of ‘methodological individualism’ versus ‘methodological collectivism’. The issue and debate carry very substantial theoretical and explanatory implications; for example, what are the relations between micro and macro levels? Do we always need to invoke micro-level explanatory mechanisms when trying to explain some macro-level phenomenon? Is it legitimate to rely on aggregate constructs as part of the *explanans* – or, are these only present in the *explanandum* of an explanatory structure?” (Felin and Foss, 2006: 2).

In this respect, as this work regards firms as the central object of study, the choice of the most appropriate level of analysis, which can best explain innovative behavior at the firm level, is of extreme relevance.

According to Staw (1991: 815), “many rather universalistic tendencies on the part of the individuals will aggregate into organizational level behavior”. Additionally, he argued that psychological models are of relevance under circumstances in which individual behaviors and individual-level processes influence and mediate organizational actions, and theories of human behavior serve as a metaphor for the actions of organizations.

In the same line of argumentation, Beckenbach and Daskalakis (2008) called attention to the importance of agent-related surveys in the innovation research. According to them, the usefulness of such surveys resides in their capability of enabling a disaggregated assessment of observable innovation elements. In parallel, they allow for taking into consideration innovation determinants, which cannot be observed with the usual methods.

They further emphasized that this kind of survey is able to capture agent-related micro-foundation topics that have often been neglected. This includes the agents’ cognitive processes in terms of knowledge, memory, attitudes and beliefs involved in the process of novelty creation. Such processes depart from the development of agents’ perceptions on market processes up to their transformation into courses of action. Although this issue is fundamentally important in the study of firms’ behavior, it is more appropriately dealt with in Chapter 5 in which it is addressed in details.

Based on the foregoing paragraphs, and in line with this thesis research objectives, Ajzen’s (1991) “Theory of Planned Behavior” (TPB) and Montalvo Corral’s (2002) TPB based structural descriptive behavioral model (cf. Chapter 5) are referred to as the behavioral theoretical body, organizing framework and analytical tool for the study of the determinants of the eco-innovative behavior of companies. Following the work of Montalvo Corral (*ibid*), this study is conducted at the individual level as a proxy to infer the planned behavior of the firm. The TPB is presented in Section 3.2 in the depth required by this thesis research.

## **17. Appendix I - Some Views on Environmental Sustainability in the Industrial Sector: the Importance of Greener Production Processes**

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### **1.1.0 Introduction**

Although the concepts of sustainability and sustainable development are quite simple to understand, they do not provide enough guidance for the development of unique solutions to address the innumerable sustainability challenges in modern societies.

Although successful transition processes towards more sustainable forms of development require the incorporation of general sustainability concepts and tenets as guiding principles, particular solutions for specific needs must be developed for specific environmental and socio-economic contexts.

Appendix I addressed the problematic of environmental sustainability in the industrial domain and its relations to products and production process technologies. The focus on the environmental dimension of sustainability does not signify that this thesis' author is not aware, neglects and takes for granted the importance of the other dimensions and their variables, which are important for companies in:

- Addressing their social responsibilities while respecting cultural, societal, environmental and legal differences and economic development conditions;
- Identifying and engaging with stakeholders, and enhancing the credibility of corporate reports and claims made about social responsibility;
- Increasing confidence and satisfaction in organizations among their customers and other stakeholders;
- Being consistent with and not being in conflict with existing documents, international treaties and conventions and existing ISO and other standards and initiatives;
- Not being intended to reduce government's authority to address the social responsibility of organizations;
- Promoting the social responsibility field; and broaden its awareness (Schwartz and Tilling, 2009).

Although this study mostly focused on helping to promote environmental and economic sustainability, via technological eco-innovation, it can be argued that technological change influences and is influenced by all dimensions of sustainability. That means that technological changes towards cleaner and more environmentally sustainable products and manufacturing processes are interdependent on a set of determinants that are associated with the economic, environmental and social dimensions of sustainability. This integrated approach provides an important and fundamental contribution to industry's "Triple Bottom Line" (cf. Section 1.1 of Chapter 1)

The study of the determinants (environmental, economic, social, moral, technological, organizational, and institutional), that are important for the context of this thesis research, is presented in Chapter 5.

Appendix I represents a complementary reading to Chapter 1 and supports Chapter 2 in which the GCE frameworks were presented.

In this respect, and in order to provide an overview of the extent of the environmental sustainability challenges to in the industrial domain, Section I.1 discussed some aspects of environmental sustainability and its relations to the limits to economic growth imposed by natural physical and biological laws.

The first concern, in Section I.1, was to provide some clarifications on the context dependent character of sustainability (S) and sustainable development (SD) (Section I.1.1). It is argued that the beliefs underpinning S and SD are dependent on what humans perceive to be the environmental and socio-economic needs of individuals and societies in specific contexts; i.e. it is a function of what is to be sustained and what is to be developed (NAS, 1999).

Section I.1.2 approached the industrial domain's problematic of reconciling capitalism, economic growth and development with the biosphere's physical limits. It brought to the research's context some considerations that are based on the long-standing debate on the limits to economic growth, on the interactions of the industrial economy and the environment.

It introduced some points of view related to sustainability and economic growth that considered the finitude of the natural capital and the limitations imposed by the biophysical laws. Additionally, the section discussed some aspects of the classic debate on the importance of entropy as a limiting factor in the industrial transformation processes.

## **I.2.0 Environmental Sustainability in the Industrial Sector: the Importance of Contextual Influences and the Limits to Growth Imposed by Nature**

In the wake of the debate over the limits to economic growth, Section I.1 was conceived and developed to contextualize, in general terms, some concepts and views associated with the relationships of economy and the environment. In parallel, it promoted a review of the contextual, multifaceted, multidimensional, multidisciplinary and systemic characteristics of sustainability

These aspects represent a background that provided the justification for the need for the adoption, by firms in the industrial sector, of innovative cleaner and more sustainable technologies (technological change). Additionally, they provided a view of the environmental and socio-economic dimensions that underlie the motivational factors associated with firms' willingness (intention) to deliberately engage in technological eco-innovation activities (cf. Chapter 5).

### **I.2.1 Sustainability and Sustainable Development: a Matter of What is to be Sustained and What is to be Developed**

Although the *Brundtland Commission*<sup>145</sup>, in 1987, defined sustainable development and clearly expressed its guiding principles (cf. WECD, 1987), its openness produced hundreds

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<sup>145</sup> "The Brundtland Commission: In the 1980s the UN set up the Commission on Environment and Development, also known as the Brundtland Commission, named after its Chair Gro Harlem Brundtland.

The outcome of the Brundtland Commission was a comprehensive document entitled "Our Common Future", otherwise known as the Brundtland Report. This report framed much of what would become the 40 chapters of Agenda 21 and the 27 principles of the Rio Declaration on Environment and Development. The report

of alternative definitions and interpretations. They expressed a variety of perceptions and interests of an extensive set of groups and organizations, throughout the world, on what sustainable development should be and on what could be the pathways that could lead societies to their envisioned type of environmental and socio-economic sustainable development.

“In the years following the Brundtland Commission’s report, the creative ambiguity of the standard definition, while allowing a range of disparate groups to assemble under the sustainable development tent, also created a veritable industry of deciphering and advocating what sustainable development really means.” (Kates *et al.*, 2005: 11)

Diversity is a basic characteristic of human societies. The heterogeneity of human perceptions, influenced by a myriad of personal, social and cultural factors produces many and diverse views of the world. Therefore, it is understandable that different actors, in different geographic areas and in different cultural and socio-economic contexts, developed a multitude of interpretations of the meaning of sustainability. This might be true even for the cases and contexts in which a group of individuals shares the same sustainability concepts and principles.

“Within this general framework, an extraordinarily diverse set of groups and institutions have taken the concept of sustainable development and projected upon it their own hopes and goals (...) while sharing a common concern for the fate of the earth, proponents of sustainable development differ in their emphases on (1) what is to be sustained, (2) what is to be developed, (3) the types of links that should hold between the entities to be sustained and the entities to be developed, and (4) the extent of the future envisioned.” (NAS, 1999: 23).

Despite the fact that the basic and general concepts of sustainability and sustainable development can be easily understood, they are very elusive when companies take one-step ahead and proceed to plunge into transition processes aiming at more sustainable states (Blackburn, 2007). The definition and concepts of sustainable development connote a sense of hopeful progress suggesting “an evolving process that restores the balance needed for a long-term organizational and societal well-being” (*ibid.*, 18). Despite the clarity of the argumentation, the concepts do not provide enough direction to translate sustainability from the pure philosophical order to its real, palpable and practical operationalization.

In order to clarify this fuzziness and in an effort to help setting some directions for plunging into deeper layers of the sustainability, Blackburn (*ibid.*) called attention to the necessity of a good understanding of the needs of the present generation. In addition, he called attention to the need for the comprehension of what the economic, social and environmental responsibility really mean and what topics they embrace.

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defined sustainable development as development which: *meets the needs of the present generation without compromising the ability of future generations to meet their own needs.*”

Source: <http://www.earthsummit2012.org/about-us/previous-summits/58-the-brundtland-commission>



In this respect, due to the existing variety and quantity of interpretations of sustainable development, the *Board on Sustainable Development of the Policy Division of the United States National Research Council* conducted a study aimed at identifying, in an orderly way, the common aspirations that are related to sustainability and sustainable development, their interconnections and interrelationships.

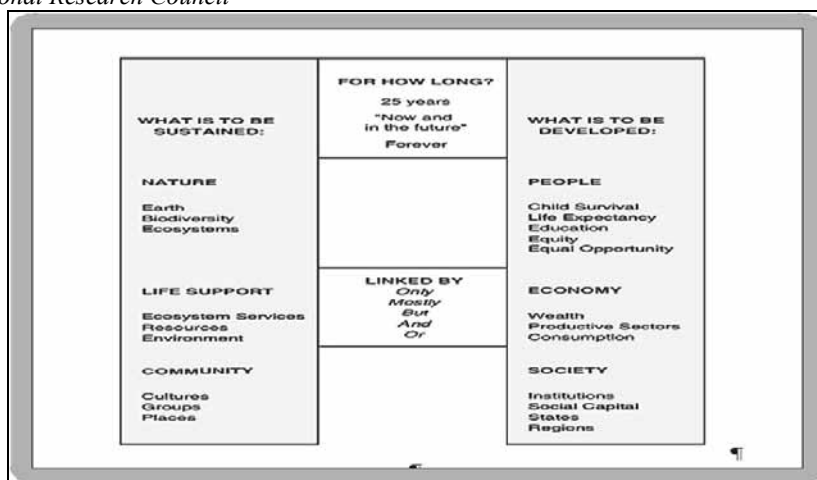
“Our analysis (...) is based on goals for human well-being and environmental preservation that have been defined through recent extensive and iterative processes of international political debate and action, and sanctioned at intergovernmental conferences over the last several decades”. (NAS, 1999: 2).

By reviewing the broad literature<sup>146</sup>, they produced the report *Our Common Journey: A Transition Toward Sustainability* (NAS, 1999), which:

“(...) presents a scientific exploration of the ‘transition toward sustainability’ that would be constituted by successful efforts to attain internationally sanctioned goals for human welfare and environmental protection over the next two generations”. (*ibid*: 3).

Through the report, the “Board” presented key, worldwide, common, sustainability and sustainable development aspirations that were synthesized and structured as shown in Figure 17.1.

*Figure 17.1- An overview of Sustainability and Sustainable Development aspirations according to the Board on Sustainable Development of the Policy Division of United States National Research Council*



Source: NAS (1999)

<sup>146</sup> The report *Our Common Journey: A Transition Toward Sustainability* has “drawn upon nearly 375 reports of the National Research Council and hundreds of other works cited in the text. In the course of its four-year effort, the board held eight meetings, two summer studies, three workshops, and a public symposium, and commissioned two studies.” (NAS, 1999: xiii).

A close look at Figure 17.1 leads to the identification of a vast set of possibilities related to sustainability and sustainable development objectives that could be originated in different environmental, economic and societal contexts for various time frames. This suggests that the choices of what is to be sustained, what is to be developed, how, when by whom and for how long is dependent on specific needs, interests, contexts, domains and time-frames within diverse cultural contexts.

By drawing on these considerations and following their underlying reasoning, this thesis research was focused upon the domain of the environmental and economic sustainability in the Brazilian petrochemical industrial sector in the short, medium and long-term (a thirty years time-span). This choice was of significant relevance and usefulness since the petrochemical sector is one of the most important and strategic socio-economic activities in the Brazilian economy whose environmental and economic sustainability, is an essential contributor to the country's wealth and welfare creation.

Due to its significant economic and social impacts, and because of its high potential for overshooting the biosphere's environmental resilience capacity, a collapse or a strong decay of this economic activity, due to environmental factors (pollution, nonrenewable raw materials and energy resources scarcity etc.), would produce extreme socio-economic negative impacts.

It is important to emphasize that reaching advanced states of environmental sustainability, in the aforementioned sector, is a gigantic challenge. That challenge is dependent upon a variety of socio-economic and technological challenges that encompass a set of factors that are as diverse as *inter alia* societal and organizational structures, ethics, production processes, level and patterns of consumption, economic growth and market dynamics (Næss, 2006; Stahel, 1994).

By focusing on these aspects (cf. Chapters 5 and 6), this thesis author addressed the key and sensitive points that influence technological changes towards eco-innovative, cleaner and more environmentally sustainable products and production processes.

### **1.2.2 The Environmental and Economic Sustainability in the Industrial Sector: the Reconciliation of Economic Growth/Development and the Biosphere's Physical limits**

#### **The Interactions and Interdependences of the Industrial Economy and the Environment**

Presently, developed and developing economies show a structural dependence on the industrial sector for the promotion of economic growth, development<sup>147</sup> and societal welfare.

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<sup>147</sup> Based on the work by Hermann Daly (1987), in his study, growth was considered the "quantitative increase in the scale of the physical dimensions of the economy; i.e., the rate of flow of matter and energy through the economy (from the environment as raw material and back to the environment as waste), and the stock of human bodies and artifacts" (*ibid*: 323). Development, in turn, was considered "qualitative improvement in the structure, design, and composition of physical stocks and flows that result from greater knowledge both of technique and of purpose" (*ibid*: 323).

The dynamic character, the types of variables and the complexity involved in the socio-economic and environmental relationships make environmental sustainability and sustainable development, in the petrochemical sector, a challenging subject. Nevertheless, for a clearer and better understanding some generalizations and simplifications of these relations can be made.

The first is related to the need for the understanding of how the productive sectors of the economy and the environment interact through strong mutual dependency and feedbacks. According to Smoulders (2000: 603) some facts prevail:

- “The environment is a sink for wastes and a source of resources for the economy;
- Societies have significant preferences for a clean environment due to the amenity and existence value of the environmental quality;
- Part of economic activity may be directly devoted to cleaning up spoilt parts of the environment, that is, abatement and recycling may take place.”

It is important to highlight that capitalist economic activities are dynamic, are oriented to and follow specific economic philosophical tenets. Created and developed under the expansionist and capital accumulation economic fundamentals, the industrial sector holds, among its peculiarities, the characteristics of endless, continuous and increasing consumption stimulating character, which directly influences its relation with the biosphere. This generates a direct dependency of the industrial sector on the natural capital<sup>148</sup> as a means of materials and energy supply, for its functioning, economic expansion and for the absorption of the wastes it produces.

This expansionist character of the economy is characterized by an endless and increasing consumption of goods and by an increasing use of materials and energy. These patterns of consumption and use of materials and energy are major sources of concern because of the planet's limited stock of natural resource and pollution depuration capacity.

Such attributes have been central elements in debate on the viability of these economic practices in the long-run if present technological paradigms, trajectories and regimes and social and economic practices persist (Daly, 1987 and 1996, Daly and Townsend, 1993; Daly and Farley, 2004; Georgescu-Roegen, 1976 and 1986; Porritt, 2007; Stahel, 1994; Næss, 2006).

Moreover, for the transition towards advanced sustainable societies, it is essential that the promotion of changes in the perceptions and beliefs of the economic agents regarding the environment-economy relationships be done systematically. In addition, it is necessary to reexamine the philosophical and political doctrines underpinning the development models on which such economic activities are based (Næss, 2006; Porritt, 2006; Stahel, 1994).

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<sup>148</sup> Natural capital comprises the elements on which civilizations depend to create economic prosperity. “Natural capital includes all the familiar resources used by human kind: water, mineral, oil, trees, fish, soil, air etc. But is also encompasses living systems, which include grassland, savannahs, wetlands, estuaries, oceans coral reefs, riparian corridors, tundras and rain forests”. (Hawken *et al.*, 1999: 2)

## Some Views on the Relations of Environmental Sustainability and Economic Growth

Human's socio-economic activities pose multiple pressures on the environment and trigger changes, beneficial or not, to the dynamic equilibrium of the biosphere *via* a virtually infinite series of complex interactions (feedback loops). These interactions involve anthropogenic influences on the environment, dynamics of ecologically complex systems and biophysical thresholds (UNEP, 2007).

The economy and the environment realms have mutual dependency due to the biosphere's characteristic of being a source of material and energy resources and a sink for the economy's wastes. In the one hand, decays in the quantity and quality conditions of the natural stocks will increasingly restrict the economic process. On the other hand, the intensity and the quality of the economic process have a direct influence on the quality of the environment. Biosphere and economy interact in constant feedback loops.

“The ecological process is described by relying on biophysical laws, which deal with changes in physical states and conditions of biomass, material, and energy. Economic value creation represents the process in which human beings combine their ability and ingenuity with natural resources to produce desirable and marketable goods and services. Hence value creation is driven by technology and preferences which can both be viewed as the result of the human state of knowledge.” (Smoulders, 1995: 321)

Smoulders (*ibid*), argued that although the economy and the environment interact in a mutually dependent fashion, they should be seen and treated as two different dimensions that are subjected to different laws. While the economy is a human creation to which economic value is of maximum significance, the physical and qualitative magnitudes are of utmost relevance to ecological processes.

“Nature has value if and only if humans value nature. Humans might value nature for whatever reasons, however, and not merely because it contributes to the production and consumption of goods or directly produces utility through environmental amenities. Humans might very well value nature as such and for its own sake in attributing to it ‘intrinsic’ value. But it is still humans who determine value”. (Neumayer, 2003: 8)

Næss (2006) argued that, in the profit-oriented capitalist economy, the capital accumulation is the prime driving force and that the absence of growth tends to result in serious economic and social crises. Although some economists fiercely advocate the no growth, or steady state economy (Daily and Townsend, 1993), many others are in complete favor of constant economic growth. For the latter group, growth represents a *sine qua non* condition for the economic sustainability. “When the economic system contributes each period more to welfare by creating more value, economic growth arises” (Smoulders, 1995: 320).

Growth encompasses the increase of throughput of matter and energy in the economy. Industrial economic processes would be environmentally sustainable if the natural capital was not finite and if the biosphere capacity to absorb residues was not limited. In addition, it is important to call attention to humans' and other living creatures' limited capacity to withstand pollution.

In this respect, another issue that has been under fervent discussion is the extent to which the biophysical limits can impose restrictions to the material and energy reuse in the long-run. This constitutes an important issue within the sustainability debate.

### **Important Lines of Argumentation on the Debate of Economic Growth Versus the Finitude of the Natural Capital and Biophysical Laws**

As an ample set of publications testify (e.g. Brüseke, 1994; Corazza, 2005; DOE, 1997; Herrera, 1976; Meadows *et al.*, 2004), the 1970s experienced the first and extensive debates over the limits to economic growth in modern industrial societies. These debates are still ongoing and valid.

In order to illustrate the dimensions and relevance of the arguments posed by numerous scholars and to illustrate and emphasize the degree of difficulty associated with industrial environmental and economic sustainability, this thesis author presents important argumentations related to the limits of economic growth *versus* the limits posed by the biosphere and the natural laws.

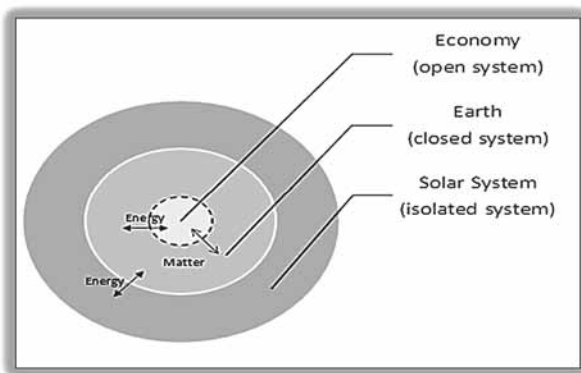
In the heat of the discussions over the relationships and feasibility of development and economic growth, the publication of the seminal book “The Entropy Law and the Economic Process” (Georgescu-Roegen, 1971) called attention to the importance of the laws of thermodynamics to economics. It provided new optics on the limits of the endless usage and exploitation of natural resources by the economy.

This time, instead of focusing only on the use of the finite stocks of nonrenewable natural capital, he argued that the physical laws, like the entropy, and the conservation laws of mass and energy were a relevant issue in the economic analysis (Krysiak, 2005). They would eventually be a limiting factor to economic growth.

According to McMahon and Mrozek (1997) and Meadows *et al.* (2004), in physical and energetic terms, the environment and the economic systems relate hierarchically as depicted in Figure 17.2 and in Figure 17.3. On the one hand, the planet earth and its global environment, upon which the economy depends, are essentially a closed systems. They receive constant energy flows from outer space and radiate heat back to it in a virtual absence of matter exchange. An exception is made for insignificant flows of matter from outer space (Daly and Townsend, 1993; Georgescu-Roegen, 1971; Krysiak, 2005; McMahon and Mrozek, 1997; Smoulders, 1995). Matter cannot be created nor destroyed. On the other hand, “the economic sub-system is an open system, extracting usable matter and energy from the biosphere and returning unusable wastes to surrounding environment” (McMahon and Mrozek, 1997: 503).

Figure 17.2 shows that the maximum size of the economy coincides with the physical limits of the biosphere.

Figure 17.2- Hierarchical relations of the physical and economic systems in relation of matter and energy exchange



Source: adapted from McMahon and Mrozek (1997)

Viewed in a simpler way, planet earth is a gigantic transformation plant whereby, matter and energy are submitted to physical, chemical and biological transformation processes that produce the biosphere. Matter cannot be created nor destroyed, but it certainly can be recycled, using solar energy flows, as we witness in the nature's ecological circular flows. Inevitably, obvious questions are raised on the capacity of science to mimic nature's circular flows and to recycle and rearrange matter and energy that flow through economic processes.

According to Georgescu-Roegen (1971) entropy laws would hamper these processes. A discussion on the limits imposed on these processes, by the natural laws, is conducted in the following paragraphs.

“Since the rearrangement of matter is the central physical fact about the economic process, we must ask what determines the capacity to rearrange matter? Is that capacity conserved, like matter-energy itself, or is it used up? Is all matter equally capable of being rearranged? The answers to these questions are provided by the second law (of thermodynamics).” (Daly, 1987: 326)

The first law of thermodynamics, the law of the conservation of matter and energy, states that in an isolated system the total content of matter and energy is fixed. In addition, it states that in a closed system only the total matter is fixed with energy being exchanged through the system's boundaries.

“In brief, raw material inputs to economic processes are not ‘consumed’. Having been extracted from the environment in the first place, they eventually return to the environment as wastes.” (Ayres, 1998: 189)

Complementary to the first of law of thermodynamics, which proclaims the indestructibility of matter and energy, the second law of thermodynamics (the entropy law) regards their availability and imposes an extra limitation for recycling. According to the second law, matter and energy irrevocably degrade into unavailable states (Georgescu-Roegen, 1971).

## Entropy as a Limiting Factor in the Industrial Transformation Processes

“Matter and energy -like money- just keep going around in an isolated system with no inlets and no outlets. Since the circular flow model of the textbooks has no points of contact with anything outside itself, the environment cannot possibly constrain economic growth, or influence the economy in any way whatsoever! However, there also exists a second law of thermodynamics, the implications of which modify this picture fundamentally. (Daly, 1987: 326)

Entropy is an extensive<sup>149</sup> state variable that is definable for any substance or any system. It expresses the index of available energy in any system and a measure of disorder of a system. The second law of thermodynamics states that the transformation and the rearrangement of material and energy, in an isolated system, produce an irreversible process of transformation of matter and energy.

“The capacity to rearrange matter is variously called ‘free’, ‘available’, or ‘low-entropy’ energy, and is irrevocably used up. Structured, concentrated (low entropy) matter is easier to rearrange (i.e., uses up less available energy) than is the case for unstructured, dissipated (high entropy) matter. In effecting these rearrangements, available energy is degraded into unavailable energy, which, as the name suggests, can no longer be used to rearrange matter.” (Daly, 1987: 326)

Free or available energy is converted into bound or unavailable forms of energy and material becomes dissipated and less available.

“All kinds of energy are gradually transformed into heat, and heat becomes so dissipated in the end that mankind can no longer use it” (Georgescu-Roegen, 1976: 8). This is translated into an increase of disorder of the systems, or an increase of the system’s entropy, which consequently produces the irreversibility of the process of material rearrangement and set limitations to energy reuse (Georgescu-Roegen, 1971; Daly, 1987 and 1992; Hueseman, 2003; McMahan and Mrozek, 1997; Smoulders, 1995).

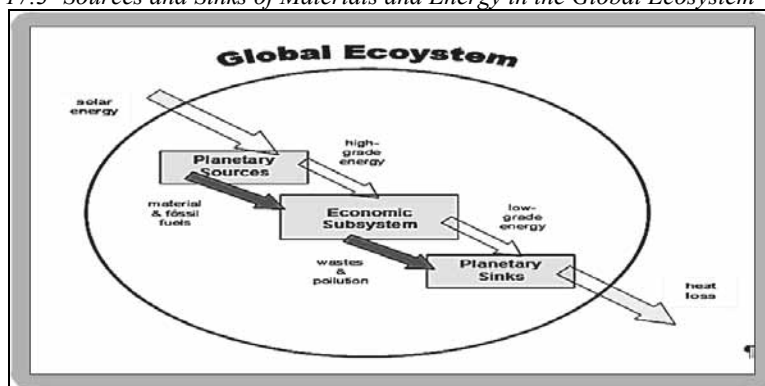
The majority of industrial processes in contemporary developed and developing societies basically consist of the transformation of highly ordered matter and energy, contained in the non-renewable natural capital, used as inputs for the production processes, into dissipated (scattered) high entropic ones (*i.e.* wastes) (Georgescu-Roegen, 1971; McMahan and Mrozek, 1997) (cf. Figure 17.3). “As low entropy resources run out, especially fossil fuels, economic activity becomes increasingly limited by the accumulation of waste (pollution) and scarcity of energy” (Schwartzman, 1996: 4 *apud* Georgescu-Roegen, 1971). Due to the fact that the use and transformation is an entropic process, the same amounts of energy or materials cannot be used over and over again” (Smoulders, 1995).

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<sup>149</sup> Extensive variable means that it is proportional to the size of the system as opposed to the term intensive variable, which is not (*i.e.* temperature, pressure *etc.*).

New inputs of low (highly ordered) entropy resources are then required to recollect material and to compensate for entropy (Daly, 1992; Smoulders, 1995; McMahon and Mrozek, 1997).

Figure 17.3- Sources and Sinks of Materials and Energy in the Global Ecosystem



Source: Meadows *et al.* (2004)

According to the aforesaid authors, fortunately, with regard to energy, the Earth is an open system. The entropic degradation produced by the transformation processes occurring in the natural systems is off set by the constant inflow of the low entropy, highly ordered energy flow from the sun, allowing for sustainable resilience of natural systems *via* self-regulating and adaptive processes.

“Solar radiation provides the energy that compensates for the entropic processes on earth so that resources are renewable (...). This explains the equilibrium in ecosystems and the renewable nature of natural resources”. (Smoulders, 1995: 321).

It is important to note that these natural transformation processes are carried out in time spans that mostly do not coincide with the economy’s notion of time. There is incongruence and incompatibility between the notion of time regarding the ecological and economic processes.

In the one hand, nature requires long periods to form and to recycle the natural capital, using solar energy in circular flows. On the other hand, the economy requires very short periods for using and recycling matter at the pace required by the logic of the capitalist doctrine for processing and transforming natural capital in goods bearing economic value in increasing quantities (production increases, economic growth and economy expansion)

In this sense, while nature’s resilience time comprises time spans from months to millennia, time in the economy is considered to be the shortest possible. This provokes the rupture of the circular flows present in the natural processes.

### **There are Many Answers to the Question of the Limits of Economic Growth**

In another line of argumentation in respect to the limits of economic growth imposed by the natural capital, Ayres *et al.* (1998), stressed that an important point in the debate on sustainability is related to the substitutability between the economy and the environment.



That is, the substitutability between “natural and manufactured capital”<sup>150</sup>. “A debate captured in terms of ‘weak’ *versus* ‘strong’ sustainability<sup>151 152</sup>” (*ibid*: 1).

In the environmental economy domain, economists have also been struggling to solve the problem of the reconciliation of growth, the physical finiteness of the planet and the limits imposed by the biophysical laws. As the inclusion of the environmental economics analysis on environmental sustainability and growth is beyond the scope and objectives of this thesis research, no further considerations are made on this issue. A synthetic overview, on the two major positions on the entropy law and the economic processes has been written by Krysiak (2006), which is partly transcribed in Box I.1.

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*Box I.1- Two major positions on the entropy law and the economic process according to Frank C. Krysiak*

“Since the publication of ‘The Entropy Law and the Economic Process’ (Georgescu-Roegen, 1971) the question whether physical laws like the entropy law or the conservation laws of mass and energy are relevant to economic analysis has given rise to many disputes. Two major positions have developed.

The mainstream position was formulated by R. Solow as ‘(...) everything is subject to the entropy law, but this is of no immediate practical importance for modeling what is, after all, a brief instant of time in a small corner of the universe’ (Solow, 1997: 268). Thus mainstream economists acknowledge the existence of these laws, but they claim that these laws have no substantial consequences for economic analysis and can therefore, be safely neglected.

This position has attracted much criticism, especially from ecological economists. Daly (1997), among others, argued that it is based on a misinterpretation of the entropy law and the conservation laws; in a form suitable for open systems, these laws do not only apply to the universe as a whole but to all systems that process mass or energy, including economic production and consumption activities. Furthermore, these laws have important consequences as they rule out the common model of a closed, nature-independent economy that can grow without limits.

The problem to determine, which of the above positions is the better description of reality is surely of importance. But an agreement on this problem seems to be out of sight. One reason is that although there has been a sometimes heated debate, the arguments that derive notable consequences from the above physical laws are often imprecise and remain obscure to many economists.”

Source: Krysiak (2006:182-183)

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In relation to the arguments on the limits to growth, Ekins (2000: 49) stressed that:

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<sup>150</sup> Manufactured capital or “man-made capital is what has been traditionally subsumed under ‘capital’, that is factories, machineries, roads, and so on... Human capital is knowledge and human skills.” (Neumayer, 2003: 8)

<sup>151</sup> For a good understanding on the concepts of weak and strong sustainability, refer to Ayres *et al.* (1998) and Neumayer (2003).

<sup>152</sup> The concept of “weak sustainability” is built on the assumption of unlimited substitutability of natural resources” as opposed to “strong sustainability” whose essence is that it regards natural capital as fundamentally non-substitutable through other forms of capital. (Neumayer, 2003).

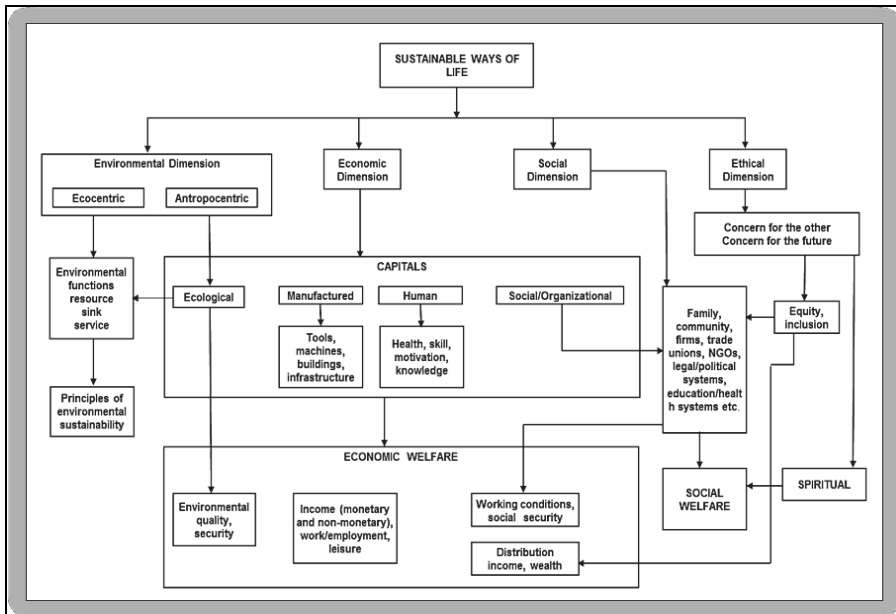
“The debate on the limits to growth has been left hanging in the air with the resources optimists either dismissing it as *passé* or regarding it as somehow resolved by the mere incantation of ‘sustainable development’, and the resources pessimists sticking doggedly to their line of ‘indefinite growth is not possible in a finite world’, without adequate differentiation between the different kinds of growth, or specification of what kinds of growth they have in mind”

He further called attention to the need for “clear specifications and clarifications of the differences between production, welfare, growth and development that it is desired to sustain and why it may prove problematic” (*ibid*, 1999: 50).

In this regard, it is important to note that, although these arguments were found to be useful in exposing the importance of the limitations imposed by nature’s biophysical laws upon the limits to economic growth, they did not consider other basic factors from other dimensions of sustainability.

These factors are equally important contributors to and have great influence on the overall environmental, economic and social sustainability. Example of the amplitude, the interrelations and the diversity of these factors are presented in Figure 17.4.

Figure 17.4- The dimensions of sustainability and their interrelations according to Paul Ekins



Source: Ekins (2000: 107)

As a consequence, it is required that the elaboration of studies that are intended to help the industrial sector to achieve advanced states of sustainability include strategies that are based on multifaceted, multidimensional, multidisciplinary and systemic approaches. Such strategies should take into consideration variables that represent the both natural (physical,

biological, geological, chemical etc.) and anthropogenic (social, economic, political, cultural etc.) realms (Cavalcanti, 1994; Stahel, 1994).

This is exemplified, in Chapter 1, by the model proposed by Paul Ekins (2000) that was used to introduce this kind of approach to this study. The model diagrammatically links a production function to a utility function as a means to explain the circular influences of these variables on the industrial production processes for creation of economic and social utility. In this respect, among the multidimensional aspects that are taken into account, the model, in agreement with what has been previously argued, assumes the limitations imposed by the nature's biophysical laws.

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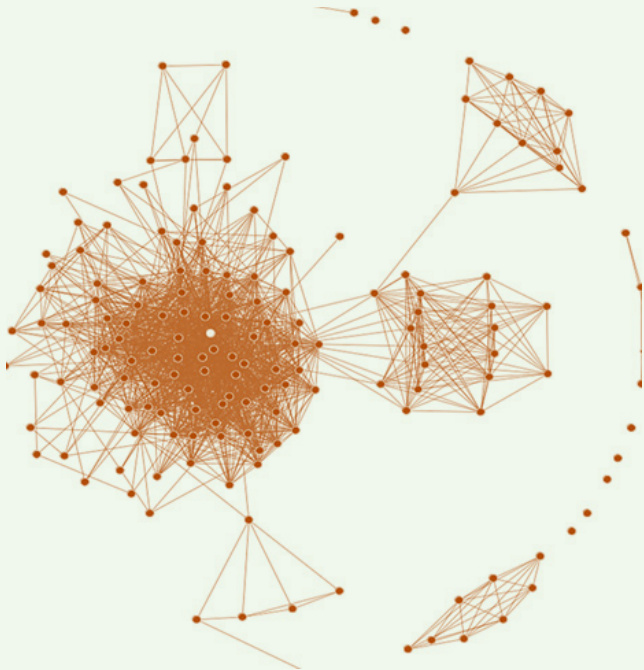
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