

TOWARDS SUSTAINABLE COMPANIES: IDENTIFYING NEW AVENUES

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Regulation of Groups of Companies: Barriers and Possibilities for Sustainable Companies

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Groups of companies are a common economic structure of the business through the world. This operational structure is not confined to only domestic business; it is also a commonly accepted reality that multinational company groups are major players in international business arena. The power of MNEs to do environmental harm generally as well as contributing to climate change specifically is impressive. Accordingly, groups of companies represent powerful private actors in terms of carbon emissions contributing to climate change. On the other hand, while the typical business structure has gone through a transformation from a single company model to corporate groups and later to networked business structure, company law still principally considers each company in the group as separate legal entities. Thus, the liability issues regarding groups of companies and networks have not improved to cover the complex issues that these new business formations create.

To create legally binding rules that prevents the harm in advance by forcing shareholders, managers and stakeholders to act in an environmentally-conscious way as well as rules that punish the polluters heavily, requires dealing with company law problems that are specific to groups of companies. Accordingly in this paper, barriers to sustainable companies created by groups of companies will be identified and possibilities for achieving sustainable companies in regulation of groups of companies will be discussed.