Partner Engagement for Community Sustainability:
Supporting Sustainable Development Initiatives by Reducing Friction in the Local Economy

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State of Knowledge:
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Table of Contents

Overview

- Canadian local governments are formulating and implementing Integrated Community Sustainability Plans (ICSPs), Local Agenda 21s, and other sustainable community plans.

- Community sustainable development is complex. Implementation of these plans is beyond the local government's jurisdiction, so requires the involvement of numerous local organizations.

- The lesser-known market-based instrument - market friction reduction - is about improving information flow to achieve desired goals. Engaging organizations in behavior changes that lead to increased internal and joint community sustainability initiatives will enable movement towards a more sustainable local economy.

- To engage potential partner organizations in the implementation of sustainable community plans, local governments can augment incentives and reduce disincentives. Having a well-designed collaborative governance structure for the implementation of the plan is critical.

Introduction

Communities are burdened by complex ecological, social, and economic problems. Such problems are demanding the attention of businesses, non-governmental organizations, citizens and governments. Due to these meta-problems, organizations are experiencing societal pressures to manage sustainably, making it increasingly difficult for them to reside in communities as autonomous entities[1]. An example of a meta-problem facing communities is unsustainable development.

Collaborative approaches can be effective at resolving these integrated societal issues[2]. One way to address these problems is through a type of collaboration called cross-sector social partnerships (CSSPs), which calls on organizations in the private, public and not-for-profit sectors to partner. Some Canadian communities are using CSSPs to implement their collaborative community sustainability strategies (CCSSs)[3].

Yet, implementation has its challenges. "A key challenge of managing complex social problems is orchestrating the involvement of not only cities and other levels of government, but also businesses, higher education institutions, and non-governmental organizations."[4] The integration of business into CCSS implementation can act as an incentive for businesses to adopt sustainable development practices. A barrier for businesses, when engaging in sustainable development practices, is a lack of understanding and/or knowledge of the sustainable development concept and potential actions they might easily undertake[5].

Incentives are used to improve markets by putting the responsibility on consumers and producers[6,7,8]. Reducing market friction by improving information flow to organizations can ensure their involvement in implementing local sustainable development. This State of Knowledge Report addresses the challenges of implementation by providing suggestions on how to increase incentives and decrease disincentives for partner engagement. Specifically, this can be accomplished by increasing information flow, thereby reducing market friction, through a well-designed collaborative governance structure.

This report begins with a background section that introduces CCSSs and market-based instruments (MBIs). This is followed by sections that detail research findings about specific incentives that drive, and disincentives that hinder, partner engagement in CCSS implementation. Next, the report presents the five success criteria for CCSS governance structures in Canada, followed by a section that considers the incentives and disincentives in relation to the success criteria. The report concludes with a summary section, which is followed by implications for policy-makers, and potential partners.

Background

Collaborative community sustainability strategies

CCSSs[9] use cross-sector collaboration as a means to address social, economic, and ecological sustainability in a geographic region[10]. All CCSSs are formulated using a participatory collaborative approach, and implementation has varying degrees of collaboration, based on the governance structure.

CCSSs are synonymous with Local Agenda 21s (LA21s), which were developed from Agenda 21, a document that resulted from the Rio de Janeiro 1992 United Nations Conference on Environment and Development (UNCED). CCSSs are responding on a local level to the call for action on sustainable development from the World Commission of Environment and Development[11]. These strategies include a vision for a greener economy; and their implementation plans include initiatives such as partner organizations adopting eco-procurement policies and greening import and export chains, employees adopting pro-environmental behaviors, and municipalities improving their sustainable development decision-making systems.

Canada has a history of CCSSs, starting with Hamilton's *Vision 2020* in 1992. More recent examples of award-winning strategies are the *Montreal Community Sustainable Development Strategy*, and *Whistler2020*. In Quebec, a number of communities have adopted LA21s. In recent years there has been an increase in Integrated Community Sustainability Plans (ICSPs) throughout Canada. One reason for this is Infrastructure Canada's program called a New Deal for Cities. Through this program, Canadian provinces and territories can receive 'gas money' for "environmentally sustainable municipal infrastructure" projects[12]. Although not all ICSPs and LA21s have been formed using a collaborative approach, a number have, thus some ICSPs and LA21s can be classified as CCSSs.

Regardless of whether the sustainable community plan was developed through a collaborative approach, if the goals are community-wide, and not purely focused on municipal jurisdiction, then the implementation requires other organizations to be involved[13].

Market-based Instruments

"Market-based instruments are policy tools that encourage behavioural change through market signals ..."[14]. Different types of MBIs include: price-based instruments, which adjust the price of a good or service to account for its environmental impact; rights-based instruments, which work to control the quantity of an environmental good or service; and, market friction

reduction instruments, which function as a market aid, infusing it with quality information and reducing transaction costs[15]. Market friction reduction instruments use tools such as education programs, labeling, and information disclosure to improve a market. The majority of the examples for market friction reduction instruments are at the individual consumer level; however, like price-based and rights-based MBIs, market friction reduction instruments can also be applied at the organizational level[16].

CCSS implementation is an example of where a market friction reduction instrument can be used; the collaborative governance structure works to improve organizational information flow and learning about sustainable development. This State of Knowledge Report uses the MBI literature to gain an improved appreciation for the types of incentives that can be used to gain organizational involvement in the implementation of CCSSs. The following section first discusses the incentives that engage partner organizations in CCSS implementation, and then describes the disincentives that might disengage partners from the CCSS implementation process.

CCSS Implementation Incentives

Based on the literature, and partner organizations' experience with *Whistler2020*, the *Montreal Community Sustainable Development Plan,* and Hamilton's *Vision 2020,* six incentives that encourage partner organization involvement in CCSSs are detailed below in Table 1.

An example of the 'improved reputation' incentive that led to a business opportunity for a partner can be seen in this quotation:

> *I really believe that a large part of the business that was awarded to us … was because they saw that we were a partner.*

Another partner had this to say, which highlights the 'increased information flow' incentive:

> *… you definitely get to see who the partners are, and you get to realize how close your links are because there are some organizations that you may have known that they do x but you don't realize that they do x, y, and z. And so by seeing them as a member of the plan, it gives you the opportunity to go forward and say, "We're working on this project. Can you let me know what project you're working on? Are there particular steps that you are taking that we might not necessarily be taking? Or is there a better way that we could collaborate together on a project?*

Table 1: Six incentives for organizations to engage in CCSS implementation

Six Incentives[17]	Description
Improved market for sustainable development	Improved market for SD is achieved through organizational learning and information flow because it: 1. Fosters inter-organizational networking opportunities; and, 2. Mobilizes inter-organizational knowledge transfer
Improved reputation	Improved reputation is achieved through built relationships and an informed market because it can create: 1.Talent and business attraction for municipalities; 2.Funding opportunities for NGOs; and, 3.Business and marketing opportunities for enterprises
Community unity	Community unity is achieved through ongoing collaborative forums because it: 1.Integrates partner organizations into the community for the achievement of a broader community goal; and, 2.Improves relationships between partner organizations and with the community
Progress towards organizational and community sustainability goals	Progress towards sustainability goals is achieved through community and organizational sustainability goal attainment such as: 1.Ensuring resource protection; 2.Actively addressing community ecological challenges; 3.Obtaining regulatory saving to society by using the CCSS to encourage organizational; and, environmental compliance rather than costly control and command mechanisms
Cost savings from sustainability initiatives	Cost savings is achieved through sustainability initiatives because: 1.Partner organizations can experience significant savings from implementing internal sustainability initiatives such as energy and/or water savings
Increased legitimacy for sustainability initiatives	The CCSS increases legitimacy for sustainability initiatives because: 1.Involvement in a CCSS improves the legitimacy of an NGO; and, 2.The CCSS can be used to increase the legitimacy of sustainability and therefore provide motivation to advance sustainability initiatives within organizations

CCSS Implementation Disincentives

Based on the literature, and partner organizations' experience with *Whistler2020*, the *Montreal Community Sustainable Development Plan,* and Hamilton's *Vision 2020,* five disincentives that discourage partner organization involvement in CCSSs are detailed below in Table 2.

An example of the disincentive of 'ineffective presentation of information' can be seen in this quotation:

> *I think now at this point we're facing too much information. We have a ton of information on our websites, so we can share with the community and partners, but what we are hearing is it is too much.*

Table 2: Descriptions of five disincentives that discourage organizations from engaging in CCSS implementation

Five Disincentives[18]	Description
Unrealized relevance	Unrealized relevance of the CCSS can occur when: 1.The goals in the CCSS are mismatched with the goals of the partner organizations; 2.The goals in the CCSS are out-dated, irrelevant, and uninteresting to partner organizations; and, 3. The CCSS does not make the benefits of sustainability to partner organizations clear
Partner organization fatigue	Partner organizations can become fatigued from: 1. Long term involvement in the implementation of CCSSs, which can lead to disinterest and disengagement; and, 2. A lack of new initiatives through CCSS implementation, which can lead to boredom
Ineffective presentation of information	Ineffective presentation of information occurs most often when: 1. The communication systems provide too much information, overwhelming partner organizations; and, 2. The communication systems do not provide enough information, leading to miscommunication and/or confusion
Tangible strain on resources	Tangible strain on resources occurs when: 1. CCSS is too onerous for partner organizations; it can deter them from becoming involved
Perceived strain on resources	Perceived strain on resources can occur when: 1. Lack of information and understanding about sustainable development creates the perception that it is costly

CCSS Governance Structures in Canada

Based on the study of Canadian CCSS implementation, the literature details five-success criteria for evaluating CCSS governance structures. This section outlines these five-success criteria[19].

1. The governance structure includes engagement of key organizations from different sectors, and/or has a mechanism to identify them and to add them.
2. The governance structure has a collaborative entity to oversee the implementation, to identify issue-based short-term actions, and to allow for networking between organizations.
3. The governance structure encourages individual organizations to be a part of the implementation.
4. The governance structure includes a communication system to further networking and to reach citizens.
5. The governance structure has a monitoring system, including both state and action indicators, and which also allows for adjustments to be made to the implementation actions, and renewal to be made to the collaborative strategic plan[20].

The key structural features embedded in these criteria are the collaborative oversight entity, the partner organizations, the engagement mechanism, and the communication and monitoring systems. Four different collaborative

governance structures exist in Canada, and each has its advantages and disadvantages[21]. For successful CCSS implementation, the governance structure should be collaborative and include all these key features. Implementation can occur within partner organizations, between a sub-set of organizations in joint projects, and/or by all partners together[22].

Incentives, Disincentives, and the Five Success Criteria

Below, the Table 3 summarizes how each of the five success criteria for governance structures might either maximize incentives and/or minimize disincentives. Each criterion is then described in detail in the text following Table 3.

Table 3: Summary of the five government structure success criteria

Governance Structure Success Criteria[23]	Maximized Incentive	Minimized Disincentive
1. The governance structure engages, identifies and adds key organizations	•Community unity •Increased legitimacy for sustainability initiatives	•Unrealized relevance
2. A collaborative oversight body identifies actions, monitors progress, and enables inter-partner networking	•Improved market for SD through organizational learning from improved information flow •Community unity •Progress towards sustainability goals •Increased legitimacy for sustainability initiatives	•Unrealized relevance
3. The governance structure encourages partners to be a part of the implementation efforts (both within their organizations and jointly with others)	•Improved reputation •Progress towards sustainability goals •Cost savings from sustainability incentives	•Tangible strain on resources • Perceived strain on resources
4. The governance structure has a communication system that facilitates information dissemination and inter-partner networking	•Improved market for SD through organizational learning from improved information flow •Improved reputation •Community unity	•Ineffective presentation of information
5. The governance structure has a monitoring system which reports on progress, allows for adjustments to be made to the implementation actions, and facilitates the timely renewal of the plan	•Progress towards sustainability goals •Increased legitimacy for sustainability initiatives	•Unrealized relevance •Partner organization fatigue

1. The governance structure engages, identifies, and adds key organizations

The mechanism to identify and add organizations ensures that key organizations are invited to join, thereby helping currently unengaged organizations to identify the links and benefits of sustainability to their organization and minimizing the 'unrealized relevance' disincentive. By ensuring all key organizations are engaged, the legitimacy of the CCSS increases and other partners will also want to be involved. In addition, the engagement of a diversity of partners maximizes 'community unity'.

2. A collaborative oversight body identifies actions, monitors progress, and enables inter-partner networking

The facilitation of inter-organizational networking improves the local sustainable development market by increasing the incidents of horizontal information sharing between organizations, thus reducing transaction costs and enabling more activity. The shared actions and inter-organizational networking also enhance 'community unity'. By having an entity which is comprised of partner organizations identifying actions and monitoring progress, this ensures progress towards sustainability goals and improves the reputation of the CCSS generally, thereby reducing 'unrealized relevance'. The collaborative nature of the oversight entity also increases the commitment of organizations to the CCSS, and to implementing sustainability initiatives in their own organizations. Especially if the partner is a member of the collaborative decision-making body, it gives them more momentum (and legitimacy) to do more.

3. The governance structure encourages partners to be a part of the implementation efforts (both within their organizations and jointly with others)

When organizations implement internal sustainability initiatives, or partner with others on joint projects, 'progress towards community sustainability goals' can be achieved. Mechanisms such as awards and recognition nights can be useful tools that entice partner organizations to practice internal sustainability. Recognizing organizations for their achievements will result in an overall 'improved reputation' for those organizations, which helps them attract talented employees, market their products and services, and increase their chances for funding. Mechanisms that encourage organization to practice internal sustainability might also help organizations realize the financial savings from these initiatives. Inviting partners to commit to actions from a menu of options makes it easier for them to engage, and reduces the

'perceived strain on resources'. By working together with other partners, more resources can be leveraged, which can be very cost effective.

4. The governance structure has a communication system that facilitates information dissemination and inter-partner networking.

Clear and concise communication materials and website information, that help potential and current partner organizations understand the CCSS and its implementation, are valuable assets for addressing the disincentive of 'ineffective presentation of information'. Quality of information (i.e., there is a balance between too much and too little information), is critical as it helps organizations to understand sustainability and how they can be involved. The information sharing and related organizational learning leads to more activity, thus improving the market for SD in the local economy. Finally, by creating networks, the communication system improves the opportunity for the 'community unity' incentive by facilitating relationship building, and the 'improved reputation' incentive through communicating CCSS and partner organization sustainability successes to the larger community.

5. The governance structure has a monitoring system, which reports on progress, allows for adjustments to be made to the implementation actions, and facilitates the timely renewal of the plan.

These features can help to address the disincentives of 'unrealized relevance' and 'partner organization fatigue'. A mismatch between partner organizations' goals and goals in the CCSS, can be detected with such a monitoring system. In addition, the timely facilitation of CCSS renewal might help partner organizations engage in new ways, thus reducing partner fatigue. The reporting mechanism also ensures that progress towards sustainability goals is documented, and the adjustments enable improvements to allow for better results. By documenting progress, this also increases the legitimacy of the CCSS implementation and the organizations involved.

Summary

The governance structure, including the inclusion of the key structural features, dictates the incentives and disincentives. These incentives and disincentives determine whether partners engage, and therefore what results are achieved. All of this is related to reducing market friction; if the structure can appropriately increase information flow (thereby increasing incentives and decreasing disincentives), then the partners will increase engagement, and more sustainable development initiatives will occur within the organizations and between organizations. It would follow that this then increases the overall market for sustainability products, services, and initiatives in the region and helps achieve sustainable community goals.

Implications for Municipal Policy-makers

- The first step is for a community to commit to implementing a sustainability strategy.

- To successfully pursue community-wide implementation of a CCSS, a formal collaborative governance structure, which engages other organizations, is recommended.

- The five criteria can help a community design an effective governance structure that maximizes incentives to entice a potential partner organization to engage and stay engaged, and minimizes the disincentives that deter organizations from getting or remaining engaged in CCSS implementation.

Implications for Potential Partners

- The first step is to recognize that achieving community sustainable development goals requires the participation of partner organizations. Partners can help by implementing internal sustainability initiatives and/or by collaborating with others on joint initiatives. Partner organizations' internal initiatives are part of the cumulative community effort.

- By considering the potential incentives of being involved in the implementation of a community's sustainability strategy, partners can find ways to pursue their organizational goals while also helping the community's sustainable development efforts.

- The incentives can also provide potential partners with an argument to use to convince their senior management of the benefits of being involved.

- By ensuring a CCSS has a well-designed governance structure, a partner can guarantee that the incentives for their organization are maximized, and the disincentives are minimized, therefore resulting in better partner engagement and results.

- The information that flows to and from partner organizations will reduce transaction costs, therefore helping them and their community to achieve their sustainability goals more efficiently.

Endnotes

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19 For more details on how to achieve each of these criteria, see the Federation of Canadian Municipalities' Sustainability Solution document on this topic. Dr. Amelia Clarke was the main author.

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