



A modular governance architecture in-the-making: How transnational standard-setters govern sustainability transitions



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ABSTRACT

Sustainability transitions have been studied as complex multi-level processes, but we still know relatively little about how they can be effectively governed, especially in transnational domains. Governance of transitions is often constrained by the equivocality of sustainability goals, the idiosyncrasy of niche experiments and the multiplicity of governance actors and interests. We study the role of transnational standard-setters in mitigating these challenges and governing sustainability transitions within a transnational sector. Our case is the global coffee sector where ‘sustainability standards’ are increasingly being adopted. We find that the emergence of a ‘modular governance architecture’ has helped diverse and heterogeneous actors turn sustainability from an ambiguous concept into a concrete set of semi-independent practices, while mitigating governance complexity. We show how standard-setters create governance modules through local niche experimentation, negotiate and legitimate their content with peers across local contexts, and re-integrate them into an emerging architecture. Our findings shed light on the role of modular processes in managing sustainability transitions and transnational governance, and the dynamics of meaning-making in this process.

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1. Introduction

Scholars and policy-makers have increasingly urged for solutions to battle large-scale problems of transnational scope, such as environmental degradation and social inequality (Shrivastava, 1995; Bansal and Roth, 2000; Newton, 2002; Ansari et al., 2013; Garud and Gehman, 2012; Valente, 2012). This has created momentum around notions such as sustainability, poverty reduction, and equality. We focus here on the notion of *sustainability* which has attracted a growing group of scholars who study so-called “sustainability transitions”, i.e. paths towards more ‘sustainable’ modes of production and consumption (e.g. Smith et al., 2010; Geels, 2010; Hess, 2014; for an overview Markard et al., 2012).

Sustainability transitions are complex multi-level processes that involve interactions and co-evolutionary alignments between socio-technical systems, landscapes, and niches (Geels, 2002, 2010; Kemp et al., 2007). To aid transitions, many scholars have argued that some degree of *governance* is needed, i.e. collective processes of steering (Smith et al., 2005; Newig et al., 2007) that include

coordination among governance actors (Jessop, 2003) and deliberate intervention in local practice (Raven et al., 2010). Prior studies have focused on policy efforts as vehicles for governing sustainability transitions (Lauridsen and Joergensen, 2010; Romijn and Caniels, 2011; Raven et al., 2010). However, most of these efforts are bound to particular local, national or regional contexts. We still know relatively little about how policy objectives can actually be translated into “sustainable practice” across geographic boundaries in a whole sector—the main target of sustainability transition efforts. A better understanding of such processes is critical since governance of sustainability transitions is challenged by three major barriers: (1) the ambiguity of sustainability goals; (2) the limited applicability of often idiosyncratic niche experiments across contexts; and (3) the multitude of actors, agendas and interests involved in governance processes (Shove and Walker, 2007; Newig et al., 2007; Voss et al., 2006; Kemp et al., 2007). These challenges are particularly prevalent in transnational domains which typically lack sovereign rule-makers to steer transition paths and concerted action. We thus seek to investigate: How do multiple governance actors govern sustainability transitions in transnational domains, and thereby convert the elusive notion of sustainability into adoptable practices?

We particularly examine the increasingly important role of *transnational standard-setters* in governance processes in general

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(Dingwerth and Pattberg, 2009) and sustainability transitions in particular (see e.g. Fuenfschilling and Truffer, 2014). In the absence of overarching authority, multiple, private standard-setters, such as Fairtrade and Rainforest Alliance, take governance roles by translating expectations from the global sustainability discourse and experiences from local producer contexts into adoptable standards of “sustainable practice” across sectors and national boundaries. The coffee sector is a particularly interesting case since it is widely seen as a pioneer sector for the definition of sustainable farming practices in the tropics which other agri-food sectors have emulated over time (Kolk, 2005). Starting from multiple fragmented, often locally bounded, niche innovations in the 1980s and 1990s, the share of sustainably produced coffee (measured by certified or verified coffee volume) has steadily increased globally from less than 1% in 2000 to 16% in 2008 and 40% in 2012 (SSI, 2014).

Our central finding is that standard-setters have promoted and shaped sustainability transition processes through a collectively produced and continuously evolving *modular governance architecture*. *Modular* means that sustainability goals are translated into standards through an evolving set of manageable, adaptable, quasi-independent governance modules, e.g. ‘soil conservation’ and ‘child labor’, along the triple bottom line—economic prosperity, environmental quality, and social equity. *Architecture* means that along with governance modules, standard-setters specify linkages between modules which are weak yet not negligible. Standard-setters thereby repeatedly (1) create *new* governance modules by aggregating findings from local niche experiments into more general rules, also driven by their own interests and agendas; (2) negotiate and adjust the content of governance modules through interchanges with peers and global discourse to legitimate them in transnational transition networks; and (3) re-integrate modules into an emerging architecture by creating multiple interfaces. Through this modular governance architecture, standard-setters have been able to reduce ambiguity around global sustainability goals; account for differences in local practice conditions; and facilitate coordination among multiple standard-setters.

Our findings make two major contributions to the literature on sustainability transitions. *First*, by examining how “sustainable practice” can be promoted across geographic boundaries through a modular governance architecture we contribute to our understanding of transition management (Kemp et al., 2007; Raven et al., 2010). Specifically we show how governance complexity in sustainability transitions can be managed (Shove and Walker, 2007; Voss et al., 2007), how governance structures can be made more ‘participatory’ (Ferraro et al., 2015), and how the overall collective capacity of governance actors to promote change can be increased (see also Eberlein et al., 2014). Our focus on modular governance processes also specifies a critical mechanism through which the tension between the need for generic and concrete adaptable solutions (Brunsson et al., 2012) can be managed, in particular in transnational domains (see also Grunwald, 2000; Sabel and Zeitlin, 2012). *Second*, we contribute to a more dynamic understanding of meaning-making in sustainability transitions. Whereas prior research has focused on ‘meaning-making processes’ in local settings (Nicolini, 2011; Schatzki, 1997; Shove and Walker, 2010) and the problem of ambiguity at the global level (Gray, 2010; Voss et al., 2007; Smith and Stirling, 2007), we show how the meaning of sustainability is constituted and shaped at the transnational level, across particular geographic contexts.

Next, we elaborate sustainability transitions as a multi-level governance problem. We then introduce standard-setters as important governance actors in this process. This is followed by an introduction of the global coffee sector. After explaining our data and methods we report our findings on governance activities of transnational standard-setters in coffee. We conclude with

implications for research on governance in sustainability transitions and point out key implications for policy-makers.

2. The challenge of governing sustainability transitions in transnational sectors

Many scholars have grappled with the question of how *socio-technical systems* can be made more ‘sustainable’ (Markard et al., 2012; Geels, 2010; Kemp et al., 2007). Socio-technical systems are typically understood as relatively stable configurations of individual and organizational actors, their relations and practices, and institutions (norms, standards), technologies and knowledge supporting the production of goods and services (Raven et al., 2010; Geels, 2004; Garud and Gehman, 2012; Rip and Kemp, 1998). Socio-technical systems are more or less ‘sector-specific’, i.e. specific to particular goods and services. In this study we focus on the global coffee sector and its system of production and trade relations and practices. Socio-technical systems are further characterized by certain dominant logics, norms and deep structures called ‘regimes’ (Geels and Schot, 2007), which stabilize systems, but also present a barrier for system-level change (Raven et al., 2010; Fuenfschilling and Truffer, 2014).

Sustainability transitions of socio-technical systems, i.e. changes towards more sustainable modes of production and consumption, are very complex (Markard et al., 2012). They are examples of what Ferraro et al. (2015) refer to as ‘grand challenges’, i.e. unresolved problems that are complex, uncertain and ambiguous. Several scholars have argued that, similar to socio-technical transitions (Rip and Kemp, 1998; Geels, 2002; Geels and Schot, 2007), sustainability transitions can only happen through complex interactions and co-evolutionary alignments between socio-technical ‘landscapes’, protected niches, and socio-technical systems (Geels, 2010; Smith et al., 2010; Kemp et al., 2007). We briefly introduce the interplay of these multi-level dynamics, and then focus on approaches to and challenges of governing sector-wide transitions, especially in transnational domains.

On the one hand, socio-technical systems interact with *socio-technical landscapes*. These are typically understood as exogenous sets of political, economic, social and technological factors affecting both the continuous operation and transformation of established systems (see e.g. Raven et al., 2010). Landscapes are a combination of relatively stable structures, such as global institutions, macro-economic conditions, cultural norms, and technical infrastructures, and more dynamic processes, such as economic shocks, social movements and political discourses (Van Driel and Schot, 2005; Geels and Schot, 2007). We focus in this study in particular on the global sustainability discourse as an important enabler (but also barrier) of sustainability transitions in socio-technical systems.

On the other hand, socio-technical systems interact with *niches* which can be regarded as smaller-scale versions of such systems (Geels and Schot, 2007). They are often seen as ‘protected spaces’ (Smith and Raven, 2012) or ‘incubation rooms’ (Schot, 1998) within which radical innovations and changes can be initiated and ‘tested’ (Raven et al., 2010). From an evolutionary view, niches may create variations which are needed to stimulate system-level changes (Geels, 2002). More specifically, Geels (2002) argues that niche-innovations may build up momentum for system-level change at times when changes at the landscape level also generate pressure and help de-stabilize established norms and practices. Niches may exist in terms of specific (protected) industry or technological domains (Geels, 2002), or as localized settings that are ‘protected’ from outside competitive and other selection pressures through geographic boundaries (Coenen et al., 2012). We focus in this study on niches in terms of practice experiments in local producer contexts that may inform ‘sustainable practice’ in a particular sector.

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