



Analysis

The build-up of local sustainable development politics: A case study of company leaders in France

Anne Musson

CATT: Centre d'Analyse Théorique et de Traitement des Données Economiques, Université de Pau et des Pays de l'Adour, France

ADES: Aménagement, Développement, Environnement et Société, Université Bordeaux 3, France

LAREFI: Laboratoire d'Analyse et de Recherche en Economie et Finance Internationales, Université Bordeaux 4, France

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ABSTRACT

The purpose of this study is to examine business leaders' perceptions on sustainable development and their expectations about local governments. Using a questionnaire on a cross-section of 32 French business leaders, we examine the following questions: can issues related to sustainable development extend beyond questions of profit and future economic dynamism? The modern global economic crisis, in combination with the ongoing ecological one, makes regional attractiveness more topical than ever. If local governments invest in sustainable development policy, it might satisfy not only citizens but also firms in the territory, while attracting new ones as well. To determine if firms are really interested in such a policy, as well as understand their expectations, this research undertook interviews with 32 business leaders. We found that local governments should act with firms as partners to increase resilience and sustainability. The expectations of business leaders and their sensitivity to sustainable development suggest that sustainable development policies could improve the attractiveness of a local economy, especially in the context of the current environmental and economic crises.

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1. Introduction

The purpose of this study is to examine business leaders' perceptions on sustainable development and their expectations about local governments. Using a questionnaire on a cross-section of 32 French business leaders, we examine the following questions: can issues related to sustainable development extend beyond questions of profit and future economic dynamism? Can sustainable development policies provide an element of effective crisis resolution and shock resistance? That is, might a proactive policy for sustainable development offer a form of resilience for regions that currently face economic and ecological crises? Like companies, governments therefore have to face a tradeoff between today's performance and sustainable development. However, is an investment in sustainable development truly indispensable? In economic terms, can issues related to sustainable development extend beyond questions of profit and future economic dynamism? Are local businesses willing to take part in such a policy and work together with local governments?

Local companies are likely to be crucial in the attempts to maintain and enhance sustainability and resilience of the local economy in which they operate. Assuming that a company's objective is to focus on stakeholders, they can play an important role in the governance of the local economy. Its success, implying success of the politics and

involvement of the territories' actors, requires sustainable development politics to benefit the firms. Sustainable development politics that benefits firms will represent an important factor of attractiveness ensuring economic dynamic of the local economy. Attractiveness can be defined as the ability of local economy to provide conditions of settlement for mobile projects more appealing than those of competing areas (Hatem, 2004). On the other hand, sustainability means that current developments do not compromise future developments.¹ A sustainable development policy for businesses might act on an economic pillar by supporting green investments,² or take action on social pillars by creating shared daycare or cafeteria facilities, or by assisting employment goals (e.g., subsidies for hiring long-term unemployed and disabled workers). On the environmental dimension, the government

¹ The Brundtland Commission (1987) precisely defines sustainable development as 'a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional changes are made consistent with future as well as present needs.'

² Local government can encourage firms to make investments based on environmentally conscious criteria or promote investment activities that focus on companies that are committed to the conservation of natural resources, to the discovery and production of alternative energy sources, to the implementation of clean air and water projects, and/or to other environmentally conscious business practices (see Amenc et al. (2010) for explanation of green investment).

E-mail address: anne.musson@etud.univ-pau.fr.

Table 1
Fields of collective actions and governance.

Kind of collective action	Incentive-inducing collective action	Participative collective action	Hierarchical collective action
Interest Group	Private interest	Shared interest	Global interest
Tools type	Isolated individual	Small group	Large group
	Inciting instruments	Negotiated instruments	Regulation instruments
Regulation process	Governance by domestication	Governance by negotiation	Governance by authority
Normative structure	Market	Soft Laws	Law
Regulation tools	Costs comparison	Resource availability	Norms, standards
Example: Firms' CO ₂ emission	Competition	Voluntary commitments	Thresholds
	Taxes		Norms

Source: Herbert et al. (2009).

might financially and logistically encourage companies to reduce their impact on the environment by offering collective wind turbines³ or introducing waste recycling. A policy of sustainable development seems to be an obvious answer to questions raised by economic and ecologic crises. But governments remain cautious and focused on their need for short-term success, imposed by both economic and electoral constraints. However, citizens also express more and more concern for sustainable development. Companies, under pressure from stakeholders, increasingly consider issues related to sustainable development; similarly, local governments should invest in a sustainable development policy to not only satisfy citizens but also benefit firms already present in the region, and attract new ones as well.

In this sense, the notions of attractiveness and resilience come together. The New Economic Geography (Krugman, 1991) explains the attractiveness of a local economy with factors that are strongly linked to the notion of proximity.⁴ In a self-reinforcing process (see De Groot et al., 2008 or Fujita and Thisse, 2002), agglomeration strengthens the phenomenon of specialization, which in turn enhances agglomeration, and so on, until a Marshallian district emerges⁵ (Marshall, 1890). This notion of an industrial district, according to economic geography, refers to the ability for an economic adaptation as well (Ottati, 2004). From this entrepreneurial organization a social structure – based on collaborative practices and mutual learning – emerges (Bonnet, 2009), which in turn increases the resilience of the territory (Aschan-Leygonie, 2000). Attracting firms,

³ It is possible to organize the construction of wind turbines shared by several firms. They all pay for and benefit from it; nevertheless, someone needs to organize the cooperation. It was mentioned by business leaders during the interviews that firms can be interested in an industrial park specialized in sustainable development, where, for example, the local government finances the construction of wind turbine.

⁴ When a metropolis is created in an attractive local economy, the region is organized according to a center-periphery model. Firms located in the center, the ones chosen to be grouped together, are influenced by centripetal strengths; fewer are located at the periphery, due to centrifugal strengths. The latter reflect a competition effect (home crowding effect): The further the firms are from others, the less prices and labor competition they face. In contrast, centripetal strengths suggest a demand effect (home market effect): The firm gets attracted to where the consumers are, which requires workforce opportunities and infrastructures. We also find companies already present, so the more new ones that are attracted; the greater the competition effect becomes (Krugman, 1991).

⁵ The British economist Alfred Marshall noted how the geographical concentration in some sectors created what he called industrial districts. He explained industrial agglomeration by external economies of scale: The concentration of activities in the same sector enables proximity to specialized suppliers, a skilled workforce, and externalities of knowledge, such as common expertise and know-how. All companies then gain a competitive edge, and the local economy attracts new business (Marshall, 1890).

keeping them, and creating jobs constitute the driving force of territories' dynamism. Thus attractiveness is a major issue for local governments,⁶ which should recognize the major determinants of attractiveness and try to improve them as much as possible. Territorial marketing politics have emerged from a global competition to attract firms (Hattem, 2007; Hetzel, 1998; Noisette and Vallerugo, 1996), and local governments race to be the "lowest bidder" on tax policies, social demands, or environmental restrictions. This 'race to the bottom' has heated up in recent years in the face of a dual crisis of economic and ecological issues. To confront these two shocks, local economies need resilience. In addition, the financial crises of 2008 provided further evidence for some of the central propositions of ecological economics on the flaws of the current economic models (see, in particular, Jackson Tim and UK Sustainable Development Commission, 2009), calling for a reexamination process that enabled a reconsideration of social, economic and environmental priorities, and of their weights (Clapp, 2004). A resilient⁷ local economy will be able to absorb disturbances induced by the economic crisis, retain companies, and return to its initial (or even an improved) state. In the best case scenario, it takes advantage of the crisis to emerge stronger. In a global context, all territories compete with other territories around the world to attract firms, so having a plan with a long-term view to respond to a crisis would be effective in regards of sustainable development. To develop such a sustainable development policy,⁸ governments therefore must involve local companies in the effort. However, are firms expecting such policies from local governments, and do they consider sustainable development an opportunity or a constraint? To identify the needs of firms, and whether they relate to sustainable development, we conducted a survey of 32 business leaders and use textual analysis to discern the implications. We found that local governments should act with firms as partners to increase resilience and sustainability. The expectations of business leaders and their sensitivity to sustainable development suggest that sustainable development policies' could improve the attractiveness of a local economy, especially in the context of the current environmental and economic crises.

After providing the theoretical framework of this research (Section 2), we explain our methodology (Section 3). Then, we outline firms' expectations of local governance (Section 4) and their perceptions of sustainable development (Section 5), according to business leaders. Finally, Section 6 offers a conclusion.

2. Theoretical Framework – Why Should We Analyze Business Leaders' Perceptions to Build Local Sustainable Development Politics?

2.1. Resilience, Sustainability, and Governance

The term resilience, from the Latin word *resilio*, literally means "to jump backward." It initially appeared in physics applications, to describe the ability of a material to store energy when it deforms elastically and then release this energy when the load is removed. When the social sciences adopted this term, its meaning expanded

⁶ We refer to local governments in the French territories context. Indeed, territories have not only geographical, but also political and administrative meaning. Territory is similar to local economy. French departments (a department is an administrative division, and there are 95 departments in metropolitan France) and regions (administrative area made up of several departments, and there are 22 regions in metropolitan France) have their own budgets and political representatives.

⁷ In this work we consider resilience as the ability to maintain or enhance attractiveness of local economy (and, de facto, socio-ecological sustainability).

⁸ In our approach, sustainable development policy is always a good policy, but a good policy can concern only one aspect of sustainable development. Sustainable development policies cannot always be a win-win-win, but they should not a negative impact on other dimensions of sustainable development. For example, an industrial development policy must also respect the environment. To support polluting firms, even if they apply an exemplary politics regarding employees, is not a sustainable development politics. The solution can be to prompt the firms to be environmental cautious.

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