GOVERNANCE FOR ENVIRONMENTAL SUSTAINABILITY:
THE CASE OF PUBLIC PRIVATE PARTNERSHIPS

Summary of Research Findings

Suzanne Benn, Andrew Martin and John Crawford

Research objectives:

This research aimed to explore participant perceptions concerning the Sustainability Advantage Program, administered by the Business Partnerships Division of NSW Department of Environment, Climate Change and Water (DECCW). The specific focus of the research was on how partnerships between business and government can support the business case for sustainability in Australian organisations. The research was carried out under an ARC Linkage Grant LP 0668182, awarded to Prof Suzanne Benn and Prof Stuart White.

The research involved qualitative analysis of 60 interviews with DECCW staff and industry participants and two surveys, conducted in 2007 and 2008.

The main findings of the Project were:

Participant evaluation of Program

Overall, participants viewed the Program very favourably. In the first survey, 72.4% of respondents rated the success of the program as either high or somewhat high, while an even more positive response was given in the second survey, with 98.3% of the respondents replying “yes” to a question on whether they were happy to have formed a relationship with the program.

When asked as to evaluate specific outcomes, the most successful ones were perceived to be the improving understandings of sustainability and to having an increased access to relevant knowledge, information and skills. In both surveys, mean agreement ratings for these items were above 4 on a 5-point scale that ranged from 1 = strongly disagree to 5 = strongly agree. In both surveys, an increased organisational reputation was also given similarly high ratings.

However, the Program did not seem to be quite as effective in turning awareness of sustainability into economic advantage for the participant organisation. In the first
survey, the mean rating on the extent to which the program fostered higher economic returns for their organisations were only slightly above the scale midpoint of 3. Ratings on items from both surveys relating to reduced operating costs, increased business value and product/process innovation, and reduced operating costs were rated slightly higher, with mean ratings ranging from 3.20 to 3.69 on the 5-point scale. However, all of these items were rated less highly than those related to the gaining of the relevant knowledge and skills, and reputation.

Participants’ perceptions on the basis of the relationship

In the first questionnaire, 52.2% of respondents correctly described the basis of their relationship as being a formal agreement or contract. However, a significant proportion (23.9%) described it as being either a voluntary negotiated agreement or an informal arrangement. In the second survey, a greater proportion (60.4%) selected a voluntary negotiated agreement or informal arrangement as the basis of the relationship, while only 36.6% selected a formal agreement.

Program success factors

Largely, its success was seen to derive from its operations as a ‘learning network’ rather than as a partnership. For example, in the qualitative data, success was linked with an approach that involved informal dialogue and interpersonal relationships rather than formal structures. The Program was seen as involving informal ‘collaborative’ processes rather than the more formal processes associated with partnership. Hence it was not the structure of the Program, but its processes and associated interpersonal relationships that were associated with effectiveness.

- These findings from the qualitative data are linked to findings from both surveys, where the factor most highly rated as contributing to the success of the program was found to be the commitment of the personnel involved in the relations. In the first survey, participants were asked to select from a list those factors that they felt led to the success of the relationship. The item most frequently selected (by 67.3% of respondents) was the commitment of personnel involved. Similarly, in the second survey, the item “commitment and continuity of personnel involved in the relationship” was the one rated most positively, with a mean score of 4.14 on a 5-point scale from 1 (not at all) to 5 (to a great extent), and 84.7% of the participants giving a rating above
the scale midpoint of 3. An item representing the concrete manifestation of such a commitment, namely, “the provision of resources (e.g. time, money and expertise)”, was rated equally high in the second survey, with a mean rating of 4.12. Senior level commitment was rated similarly high, with a mean of 4.08.

- Rated only slightly lower than items related to commitment in both surveys, were items involving having shared values, and trusting relationships between organisations. “Shared values concerning sustainability” was the item second most frequently selected (by 55.8% of respondents) in the first survey. Similarly, the item rated next most highly was the one “shared values/understanding and trust in relationship”, with a mean score of 4.03 on the 5-point scale.

- A key finding from the interviews and focus groups was the importance for this development of shared understandings and mutual trust, of a high level of interpersonal skills on the part of both DECCW and participant representatives, as well as the facilitation of informal communication. Participants tended to link successful outcomes with the ability of the Program to facilitate processes that involved informal dialogue and interpersonal relationships rather than formal structures, a finding supported by the quantitative as well as the qualitative data. In the first survey, several items related to structures and regulations used to manage the relationship were selected relatively infrequently (by between 7.7% and 17.3% of participants) as factors that led to the success of their relationship with the program.

- Findings were that perceived effectiveness of the Program in bringing about change for sustainability was very dependent upon the extent to which informal dialogue and the formation of personal relationships was fostered either through the initiatives of DECCW personnel or through activities associated with geographical or industry-based clusters – such as informal social occasions. A noticeable theme throughout the qualitative data was the perceived importance of these informal meetings, such as BBQs, as a forum for both knowledge sharing and knowledge generation. It was our finding, therefore, that perceived success of the Program derived from the ability of the DECCW associated personnel (either consultants or DECCW itself) to complement sustainability awareness raising within the cluster and other
meetings associated with the Program with awareness raising around some basic change management principles. The importance of small wins, for example, was recognised by some, but by no means all, of our respondents. Small wins need to be connected up to the strategic level of planning for change to happen.

- Despite the success of the Program being perceived to be due to its emphasis on informal meetings, networking and ad hoc discussions, many participants see that a more structured form of governance is needed for more concrete outcomes. In this sense, the ‘dual role’ of the DECCW as regulator and Program facilitator posed a dilemma both for DECCW personnel and participants. It is notable however, that the longer participants had been engaged with the Program the less likely they were to refer to this factor as an impediment.

- The nub of the issue for the Program to go forward is that the governance system must have the capacity to ensure the partners develop a shared understanding about environmental sustainability in the context of the individual firm, location and sector, yet also ensure that their communications and understandings are diverse enough to stimulate creativity.

**Program challenges**

**Diverse participant expectations**

The new social processes prompted through the operations of the Program placed some complex demands on both DECCW personnel and the industry partners. For example, DECCW personnel described a wide range of very different ‘conversations’ they saw as required for participant engagement. These different ‘partnership’ discourses and contrasting narratives related to different participant motivations and required outcomes from the Program. To some extent the different motivations and expectations related to the role that participant personnel played in their organisation.

Drawing from the quantitative data, in the first survey 68.8% of environmental managers selected corporate direction towards sustainability as a key reason for forming a relationship with the Program, compared with only 18.5% of sustainability managers and 33.3% of manufacturing/operations managers. A similar difference between these groups of respondents was found for growing corporate awareness as a
key reason. On the other hand, a larger proportion of sustainability managers (74.1%) selected prior involvement of their organisation with the DECCW as a reason, compared with the other groups, with only 20.0% of manufacturing/operations managers citing this as a reason. In the second survey, the forming of closer relations with government was rated lower in importance by manufacturing/operations managers (mean rating of 1.85 on a 5-point scale from “not at all” to “extremely important”) compared with sustainability and environmental managers (mean ratings of 3.30 and 3.08, respectively), and to a lesser extent, with general managers, with a mean rating of 2.67. (All of these differences are statistically significant, for p<.05.)

Reasons for joining the Program also varied with the size of the organisations concerned. In the first survey, 69.7% of small organisations (50 or fewer employees in Australia) cited prior involvement with the DECCW as a key reason, compared with only 14.3% and 37.0% of medium and large organisations. Small organisations tended to less frequently cite other reasons, including corporate direction towards, and awareness of, sustainability, the desire to improve sustainability performance, and the increasing importance of sustainability for the company’s reputation.

As mentioned above, there was a general positive evaluation of outcomes of the program in both surveys. However, the evaluations of specific outcomes and benefits of the program were found to vary to some extent with a number of organisational and respondent characteristics. For example, in the first survey, respondents from government organisations tended to give more positive evaluations on a number of elements, including whether the program was successful in meeting the organisation’s project objectives, increasing innovative capacity and improving environmental compliance. Medium size organisations (51 to 300 employees in NSW) rated the achieving of improved liaisons with other organisations more highly than smaller or larger organisations. A number of evaluations also varied with the respondents’ role in their organisations. General managers tended to give more positive evaluations over a wide range of criteria, including whether the program met the organisations’ project objectives (compared with both sustainability and manufacturing/operations managers), improved liaison with public sector organisations (compared with manufacturing/operations managers) and the development of more trusting relationships with other organisations (compared with manufacturing/operations managers).
In the second survey, private organisations gave more positive evaluations, compared with public ones, on benefits related to product/process innovation, the integration of sustainability into strategic management and planning, improved staff engagement, work satisfaction and organisational loyalty, and whether involvement in the program met their objectives. In the second survey, smaller organisations (those with 50 or fewer employees), compared with either medium or large organisations, generally gave more positive evaluations, such as increased awareness of sustainability in their organisations, the development of more trusting relationships with other organisations, the integration of sustainability into strategy and planning, improved staff engagement, work satisfaction and organisational loyalty, and access to knowledge, information and skills. Sustainability managers saw an improved reputation as a benefit of relationship with the Program to a greater extent than did manufacturing/operations managers.

**Ambiguous terminology**

Another barrier to the success of the Program in bringing about change related to the different sensemaking of ambiguous sustainability terminology on the part of DECCW and industry partner personnel. While sensemaking of sustainability and its organisational implication did vary considerably across the different operational or other roles played by industry participants in their organisation, overall, the discourse of DECCW personnel greatly favoured motivations related to business case outcomes such as innovative capacity and competitive advantage as compared to the industry participants.

Achieving a state of shared understanding between DECCW and participants was further complicated because most participants interrelated with DECCW through either geographical or industry-based clusters. Some of these clusters operated more positively than others as a means of awareness raising and change and again, this seemed to some extent dependent on the ability of the DECCW personnel to articulate the specific concerns of the industry sector or region. Further complexity relates to the need for clusters to operate as an entity, with participants needing to ‘juggle’ representation of their own organisation with developing shared interests with partner organisations.

**Legitimation and motivation**
An overall finding from the research was that the motivation of participants to remain engaged with the Program was dependent upon the status of DECCW. For example, there was some scepticism expressed by the participants around consultants employed by DECCW – interviews revealed a tendency to perceive some consultants as self-serving. In contrast, DECCW involvement added legitimacy to the sustainability aims of the Program and the activities of its personnel.

Problems of maintaining motivation were recognised by DECCW and partner organisation representatives. Maintaining commitment and engagement of the participants to the voluntary objectives of the Program was facilitated through the collaborative conversations generated as the clusters attempted to develop common solutions. However, given time constraints on DECCW personnel, the clusters need to be capable of a certain amount of ‘self-definition’ and ‘self-organisation’ in order to remain purposive and functionally effective, provided by leadership from enthusiastic and committed individuals within the cluster.

As noted above, items rated most highly as factors influencing the success of their relationship were those relating to the commitment of those involved in the Program, and in particular, senior level commitment. However, many of the respondents perceived top leadership engagement, although essential, difficult to achieve. Although the diagnostic aspect of the Program requires persons with different roles to attend, top leadership frequently did not maintain involvement or engagement. Interview data indicated that responsibility for maintaining the Program was seen to reside with a limited number of individuals in the partner organisation.

Numerous references were made in interviews to the perception that participation in such voluntary Programs can impose a major burden on over-loaded middle managers to take on extra tasks related to sustainability. This is reflected in the fact that the most commonly voiced limitation on the Program was expressed in terms of time constraints on the participants. The findings highlighted an over-dependence upon single individuals both in DECCW and in the partner organisations.

Our findings also suggest the importance of reporting and accountability, but conducted as a collaborative process — one that allows for considerably more flexibility than is presently available. While many participants regarded a form of reporting as significant, there did not appear to be any uniform prescription for reporting, and parameters of reporting did not appear to follow coherent criteria.
Within the Program the familiarity of coordinators, facilitators or advisers with the operations of particular businesses or industries was highly prized. Nevertheless communication skills and interpersonal skills need to be highlighted more as a key capability for participants and the DECCW team. The use of diffuse or ambiguous terminology presents a barrier to developing shared understandings. There is a need to communicate certainty, practicality and reliability and to focus on problem solving.