Sustainable appeal in Aquitaine and Corporate Governance

ADAGE

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ADAGE is the result of a multi-disciplinary collaboration and federates the research laboratories (LAREFI, CATT, ADES) the Bordeaux Management School (BEM) and private partners (Crédit Agricole d’Aquitaine, Caisse d’Epargne Aquitaine Poitou Charentes, Acrie).

Three observations gave rise to the beginnings of the project: the increase in importance of sustainable development, the simultaneous progression of corporate social responsibility and finally increased competition among territories, at both a national and a local level.

Based on the assumption that companies in the future are likely to be attracted by territories offering characteristics that lend themselves to active CSR policies, concerned with both social and environmental aspects, the central research issue of the project was: do territories offer a “sustainable” appeal?

The current economic crisis, and with it the issues of company location, effectively put this issue at the crux of political debates. The political question now being raised is how to attract companies to a given territory? How can we maintain territorial momentum and dynamics? A territory is much more than a geographical entity and can be analyzed on different levels. We also added the dimension of sustainability or durability. So, the question then becomes: how can we attract companies and persuade them to stay in the long-term? How can we reconcile economic growth and enhance the well-being of the population while preserving the environment? We suggest defining sustainable appeal as the capacity of a territory to attract new activities and mobile production factors without compromising this capacity in the future.

To this end, we concentrated on an entrepreneur’s perspective on the link between company, sustainable development and territory. A field study was set up and designed for Managers of Small and Medium-sized Enterprises (SME). We were therefore able to study, among other things, whether the representation of sustainable development or the expectations of local councils are different depending on the company manager (age, qualification, perspective on sustainable development, etc.) and the type of company (sector, size, strategic position, certification, etc.). The analysis of our interviews helped us to draw conclusions as to the foundations of new territorial governance. We favored the co-construction of sustainable local development, initiated by the local councils and relayed by the SME. According to
our investigations, sustainable development is thought to be an essential challenge for companies. If this is the case, then a relatively more stringent environmental regulation on a territory should not be a hindrance to its appeal, nor a reason for delocalizing.

However, theoretical literature explains the appearance of pollution havens and the reasons why they have begun to emerge. Our own model, which links the appeal of a country to its level of environmental regulations, produces bell-shaped curves that relate commercial costs to delocalization, which take different forms depending on the level of environmental regulations. It therefore emerges that the environmental standard in a developed country can be more stringent than elsewhere, without it having an impact on company location. We then presented empirical results consistent with those produced by the theoretical model: after a study conducted on French industry, a bell-shaped curve appears, representing trade and environmental regulations concerning polluting sectors. Globally speaking, it would seem that environmental regulations have a rather positive impact on employment. We also demonstrate, by presenting current literature, that the presence of pollution havens is empirically not justified. This means therefore that less stringent environmental regulations are not enough to attract investors and entrepreneurs.

However, the majority of indicators on territorial appeal nonetheless show that very stringent regulations are considered a handicap. This is we decided to focus particularly on indicators of appeal and sustainable development. We presented them, together with the different methodologies and highlighted their limits, which therefore gives a basis for constructing a new indicator to evaluate long-term appeal. The ideal indicator would be presented as a dashboard and incorporate three themes: environmental well-being, social well-being and economic appeal. From our different studies described above, we can deduce the importance of different factors that have become variables to be included in the dashboard, such as environmental regulations (overall positive impact), the level of pollution, waste management, evaluation of the impact of companies on their environment, quality of life, living environment, information on sustainable development, synergy, the level of training as regards sustainable development, ecological infrastructures, the territorial image, the cost of installation, public exemplariness and international governance. We consider it particularly important not to give scores or final and overall classifications, as we have not yet determined a suitable methodology to summarize all the different variables.

With the help of SME Managers and representatives, we have shed new light on the transition-resilience movement. We explain how the dynamics of sustainable appeal can be kick-started by the impetus of local councils and emphasize the importance of links between the players and the different phenomena. It would appear that helping companies, organizing synergy, giving them financial backing and starting out with an extensive information campaign would be a way for local councils to construct and consolidate sustainable territorial development and to improve the resilience of the territory in question. Finally, we issue actual recommendations for constructing sustainable appeal in the territory of the Aquitaine region in particular.
45 months.