

WHERE THE GRASS IS GREENER: COLLABORATIVE STAKEHOLDER STRATEGY WITHIN THE CONTEXT OF COMMUNITY DEVELOPMENT¹

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Abstract.

This paper explores issues of stakeholder strategy from the perspective of a grassroots environmental initiative seeking to promote a sustainable responsible community. Using a case study of the collaborative interaction this initiative had with representatives from government, business and voluntary associations, the relationship between stakeholder inclusion and social capital generation may be better understood. This understanding advances our knowledge of community stakeholder management and offers interesting parallels for business strategy in the area of corporate social responsibility.

Key Words: Stakeholder management, community environmental programs, social capital.

JEL Codes: D71, L31, N92, R11.

Résumé. Où l'herbe est plus verte: Les stratégies collaboratives entre parties prenantes dans le contexte du développement communautaire.

Cet article basé sur une étude de cas explore les questions de stratégie des parties prenantes par l'entremise d'une initiative populaire de l'environnement visant à promouvoir une communauté durable et responsable. L'objectif est de comprendre les processus de gestion des parties prenantes au sein d'un organisme communautaire et les interactions avec d'autres intervenants communautaires. Quinze participants ont été interrogés et une analyse du contenu de ces entretiens et des documents connexes entreprise. Un logiciel d'analyse qualitative a permis l'automatisation partielle de l'analyse. À la suite de l'étude de l'interaction de cette initiative communautaire avec des représentants des gouvernements, des entreprises et des associations bénévoles, la relation entre l'inclusion des parties prenantes et la génération de capital social soit mieux compris. Les moyens par lesquels le capital social a été créé - bien établir la légitimité, la confiance, s'engager dans des transactions répétées, réduisant l'incertitude des transactions et l'échange d'informations - sont bien documentés. D'autres résultats incluent l'utilisation de tactiques proactives et accommodante dans les relations avec les groupes d'intervenants externes et la prévention de l'utilisation de tactiques réactive. Que ces stratégies et les tactiques peuvent être reproduits dans d'autres communautés est discutée. Globalement, l'article fait avancer nos connaissances de la gestion des intervenants de la communauté et offre des parallèles intéressants de la stratégie commerciale concernant la responsabilité sociale des entreprises.

Mots clés : Gestion des intervenants, programmes environnementaux locaux, capital social.

Codes JEL : D71, L31, N92, R11.

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Introduction

Our community is what binds us together with our neighbours, creating relationships distinct from the bonds of family and the obligations toward those with whom we work. It is where we raise our children. It's the schools, the parks and the local culture. It's the place we call *home*. It's also the property values, the rising municipal taxes and the noisy kids next door. It is where we *settle*. For some, home is where they rest at night. For others, the search for community is more elusive. According to a recent Pew Research study (2009: 14), some 46% of Americans would rather be living somewhere else than the community where they presently reside. While utopia will vary among individuals, what separates communities of like geographic, political and demographic characteristics from one another may well be the social environment created by its residents. The same Pew survey suggested slightly more than half of the citizens in any given community are actively involved in local activities, the other half much less engaged (2009: 3, 31-32). If community culture is a function of those that create it, then these small differences in engagement become meaningful and significant forces that shape our perceptions of the world outside our window. This makes the context of community development worthy of study.

An interesting aspect of community building is how the citizenry shape civic life to reflect their ideals, which may be distinct from those in other communities whose priorities and concerns are different. A topic worth exploring is the extent to which stakeholders can influence community institutions – local government, businesses and voluntary associations – to advance issues of a common concern. This particular study examines the role of stakeholders in enhancing the values of their community through partnerships that bring together these different groups. Our objective is to improve understanding of how citizen-based grassroots organisations use collaborative stakeholder strategy to advance community development. More specifically, to understand how the choice of stakeholders and how the use of various strategic objectives and tactics affect the generation of social capital as per the following research questions:

Research Question 1: What is the nature of the structural relationship between the stakeholders included by community organisations and the generation of social capital?

Research Question 2: What is the nature of the relationship between the selection of tactics employed by these organisations and the generation of social capital?

Research Question 3: To what extent can successful stakeholder-based initiatives be replicated by other community organisations?

The empirical examination of these questions will enhance our practical knowledge of stakeholder processes which will provide performance improvements for initiatives that engage community leaders, municipal government officials, business practitioners and civic volunteers. A secondary purpose of this study is to explore the implications for businesses that view corporate social responsibility as not just a moral concern but a valuable opportunity for sustainable strategic differentiation.

Theoretical Perspective

This paper examines the context of community development through the joint lenses of stakeholder management and strategic management. It is an interesting paradox that while business strategies are often evaluated in terms of their improved competitiveness for the organisation, stakeholder strategies are judged by their ability to collaboratively integrate various interested parties (Freeman, 1984; Wheeler et al, 1997). Yet the ability to involve these interested parties more effectively than rivals can provide the organisation with a competitive advantage (Porter, 1980, 1985; Freeman, 1984; Wheeler et al, 1997). This emphasis on collaborative stakeholder management is appropriate given the informal nature of competitive behaviour in community settings in comparison to the formal competitive interaction among businesses.

Two approaches toward examining stakeholder management have been noted in the literature. In the attribute-based approach, characteristics of key stakeholders are identified, documented and studied. A number of stakeholder attributes have been examined in the research. Among the many examples of attributes are CEO values, power, urgency (Agle et al, 1999), corporate ethics and morality (Jones, 1995). The second approach to studies in stakeholder management highlights the activities undertaken by stakeholders, with the actions of stakeholders being the focal point of study. Of greater interest from a macro level strategic perspective is activity-based stakeholder research; such research having often made linkages to economic, political, or social advantages for firms. For example, Wheeler et al (2002) in their case analysis of Shell's experience in Nigeria found that economic, social and environmental gains can be simultaneously achieved with certain conditions, among these, that stakeholders' economic values are in balance with ethical concerns as manifest in their actions. In contrast, Galbreath (2006), using third party data from a small sample size of Australian firms, found that corporate governance and talent management were positively associated with firm performance while environmental performance and social impact were negatively associated. These differences in findings arise as a result of activity-based approaches to stakeholder management, an approach that spotlights the importance of the context in which the stakeholder research occurs.

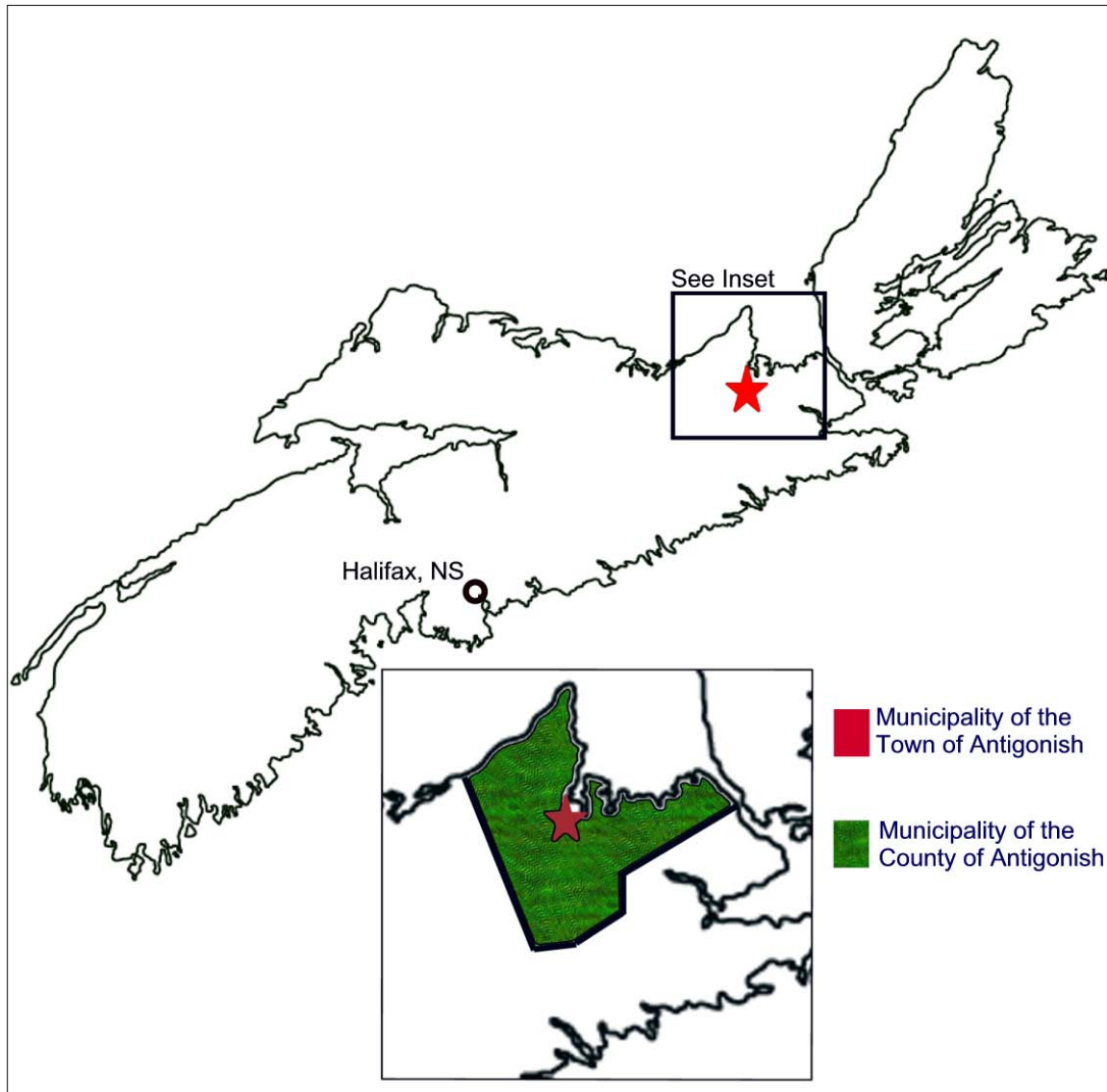
Situational Context

The context for this paper involves stakeholder-driven activities that enhance the social and natural environment of a localised community. A number of recent studies fall into this categorisation, including Kartez et al's (2008) study of Maine's Beginning with Habitat environmental program; Nikolic et al's (2008) study of governmental partnerships with non-governmental organisations in environmental management; and the research on sustainable tourism in Canada's Niagara region by Jayawardena et al (2008). In each of these examples, an activities-based approach to the study of stakeholder management was employed.

The specific context of study is Antigonish Sustainable Development (ASD), a community environmental initiative located in northern Nova Scotia, Canada. The

Antigonish community incorporates two municipalities: the urban Town of Antigonish with a population of roughly 4,754 and the rural County of Antigonish with a population of 14,521 (Nova Scotia, 2010) as shown below:

FIGURE 1 Map of the Municipalities of the Town and the County of Antigonish, Nova Scotia



A review of the literature for empirical research on stakeholder management of environmental initiatives involving the use of strategies, tactics and social capital did not produce any meaningful results. Analogous past contributions to the literature do include Hillman et al's (1999) work on political strategy formulation, who found that political capital accrues from continuous exchange relationships in much the same vein as Nahapiet et al (1998) found with respect to social capital. A differentiating factor with this study is

that ASD is not a long established organisation, having existed only since late 2006. Thus, while information exchange occurs frequently between the organisation and its stakeholders in the governmental, business and voluntary sectors, the newness of the organisation combined with its evolving future make this an innovative context for stakeholder strategy research.

Emerging as an offshoot of a community visioning exercise, environmentally-concerned community representatives sought to form a standalone environmental non-governmental organisation, Antigonish Sustainable Development, the purpose of which was to create a model community for environmental sustainability (ASD, 2007). A board of directors was drawn from community stakeholder groups, such as the town clerk from the local municipality, the executive director from the enterprise development outreach agency of the local university, and the chief executive officer of the local credit union, among others. The board then appointed an executive director and a strategic plan focused organisational activities around three simultaneously conducted phases:

TABLE 1 Phased Activities of Antigonish Sustainable Development Project Rollout

Phase	Description
1. Governmental sustainability planning	Antigonish Sustainable Development solicits two local municipalities to draft their Integrated Community Sustainability Plans (ICSPs); municipal governments required to draft these plans to secure federal gas tax revenues (Service Nova Scotia and Municipal Relations 2007).
2. Organisational outreach	Local businesses, non-governmental organisations and community institutions solicited to establish their own individualised sustainability action plans with assistance from Antigonish Sustainable Development.
3. Community outreach	Antigonish Sustainable Development organised and hosted various activities to directly promote environmental sustainability through information sessions on various topics.

There were mixed results arising from these activities. In terms of governmental sustainability planning, while the Town of Antigonish chose to contract with ASD to draft their ICSP, the County of Antigonish declined to directly engage the organisation with their ICSP. Instead, they chose to hire their own sustainability co-ordinator to prepare their plan. When that individual left the employ of the County in August 2008, the municipality chose to contract the drafting of the ICSP to the founding executive director of Antigonish Sustainable Development, who himself had just resigned from ASD. The organisational outreach phase was more successful. Employing the Natural Step's five stage environmental initiative adoption process (ASD, 2007), the organisation recruited twenty community businesses and voluntary organisations as "early adopters" in the first stage of the process. As these early participants developed their capacity for environmental sustainability, additional organisations and institutions would be solicited for the

subsequent stages of the process, until it was hoped the entirety of community businesses, organisations and institutions were involved. In terms of community outreach, Antigonish Sustainable Development organised and hosted various activities to directly promote environmental sustainability through information sessions on topics such as eco-friendly living, energy efficient home renovations and the like, while also displaying a physical presence at local community events. Through these three initiatives, Antigonish Sustainable Development sought to promote its vision at the individual, organisational and community levels while also networking with similar environmental initiatives in other communities at the regional, provincial and federal levels. This paper examines the issues related to stakeholder management and the generation of social capital from the perspective of Antigonish Sustainable Development from its founding in 2006 through to the end of 2008.

Research Methodology

This study employs an innovative qualitative research design to examine the research questions identified earlier. A stakeholder-centric study of Antigonish Sustainable Development was conducted. This focus was selected because of the success the organisation has had in managing multiple stakeholders whose activities have enhanced the social and natural environment of the community. This study explores the use of non-economic bases of activity, such as the use of social capital, which provides organisations the opportunity to advance their organisational interests (Keim et al, 1988; Dyer et al, 1998; Hillman et al, 1999). Social capital indicators identified by Wu et al (2004) – such as legitimacy, trust, repeat transactions, reduced transaction uncertainty, and information sharing – were thought to be present in the actions of Antigonish Sustainable Development and thus constituted an appropriate sample case.

The selection of qualitative methods was appropriate and necessary based upon a number of considerations. First, this study is designed to focus upon a single organisation as the basis of analysis; much of the empirical research in the field of stakeholder analysis has involved multiple selected for-profit firms not confined to a particular industry (McVea et al, 2005; Galbreath, 2006). The exploration of intra-industry dynamics from the perspective of internal and external stakeholders lends itself to a data-rich investigation that may not be as easily or as readily captured using surveys or other non-personal methods. Finally, the use of grounded theory is needed to facilitate emergent research observations where the constructs are not pre-defined by the researcher. Qualitative methods are well suited to such early phase, exploratory data rich research pilot case studies such as the one proposed here (Miles et al, 1994; Skinner et al, 2000). Due to the characteristics of this research study, a qualitative approach was deemed to be the most appropriate research design, as outlined below:

TABLE 2 Steps in the Research Design

Step	Task	Description
1.	Key contact solicitation	Contact established and project interest secured with the executive director and board chair for Antigonish Sustainable Development.
2.	Funding solicitation	Funding applications submitted to Centre for Regional Studies at St. Francis Xavier University and the Social Sciences and Humanities Research Council; funding requests granted.
3.	Ethics board application	Ethics application submitted to St. Francis Xavier University research ethics board; approval granted.
4.	Research participant selection	Prospective interview participants identified from list of board members; corporate, governmental and community stakeholders. Participation solicited via email and mail.
5.	Participant interviewing and data collection	Semi-structured interviews conducted with fifteen stakeholder representatives.
6.	Transcription of data	Interviews were digitally recorded and were transcribed via outsourced, offshore transcriptionist for subsequent analysis.
7.	Analysis of data	Content analysis performed on transcripts and relevant documentary evidence in an approach consistent with that prescribed by Strauss (1987), Miles and Huberman (1994). Sample codes and additional coding developed <i>in situ</i> the analysis. Coding process was semi-automated via the use of Nvivo 8 qualitative analysis software. A sum of 159 codes/free nodes were developed in relation to the three identified research questions. These codes/free nodes were then agglomerated into multiple nested tree nodes based on the inter-relatedness of the codings. This process enabled the author to explore the research questions in multiple levels of detail and at differing levels of analysis.
8.	Triangulation of data	Adapted from Eisenhardt (1989), content analysis was triangulated among multiple interviews and documents.

Findings

Qualitative analysis in this paper centers upon the three research questions. The first question focuses on structural relationships involving stakeholders and social capital. While Nahapiet et al (1998) identified relational and cognitive analyses, in addition to structural analyses, as means of analysing social capital, these additional means of analysis are beyond the scope of this particular paper. The second question examines the interaction between stakeholder objectives and tactics. The final question explores the extent to which the ASD initiative could be replicated within other communities.

Stakeholders and Social Capital

In examining structural issues relating to stakeholders and social capital, we sought clearly defined constructs that could be readily understood and commented upon by participants. We employed the construct design of Wu et al (2004) which focused upon legitimacy, trust, repeat transactions, reduced transaction uncertainty, and information sharing as a starting point for the questions concerning social capital generation. This served as a baseline for which probative questions could then be added.

Legitimacy of the stakeholders proved to be a critical issue in establishing social capital for Antigonish Sustainable Development. The driving forces behind the movement were the chairman of the board, who had lived in the community for a great many years, and the executive director, who was comparatively new in town, having resided only for a year or so at the time the initiative evolved out of the community visioning exercise. From the perspective of various parties external to ASD, some judged the project in terms of its merit, whereas others expressed some concerns that the project was in part being spearheaded by an individual without long established ties to the community. As one respondent remarked, "I think somebody from outside the community would have a hard time coming in to engage them." Another commented, "I don't know that it wouldn't have survived if there had been no local involvement. I think it would have been harder to get it going." A benefit in establishing the organisation was that the original board members of Antigonish Sustainable Development not only had an interest in the cause, but also were well known within local community circles, due to their employment with the municipality, the local credit union, and the university, among others. Such that in the case of Antigonish Sustainable Development, those with a passion for these environmental issues were also in a position to influence the various stakeholders the organisation would be engaging with, such as government officials, business leaders, and community groups.

Legitimacy is also important because it serves as a pre-cursor for building trust toward a specific endeavour. When an external stakeholder was asked about the state of legitimacy at the start of Antigonish Sustainable Development's evolution, the participant acknowledged that there was some previously established legitimacy because of the involvement of a well-established, well-known individual as chair of the board of the organisation. Yet legitimacy without trust is not a sufficient condition to generate social capital. As one stakeholder explained, there was "some legitimacy. So I think he probably got in the door with that. But I think where the mistake was to say, "this is what you need" [to one of the municipal government entities]." The level of trust at the time had not

generated sufficient social capital to influence councillors of one of the municipalities to come onboard with the sustainable development initiative. A critical mass of trust was required that had yet to be achieved: “At the end of the day I’m sure if they had to build a network of people that had that trust, as I said [the chair of the board] had a [trust rating of] 6 or 7, if they had to build a network which combined to have a 9 and you could go out and talk to those [municipal] councillors and then get their support. I think that would have been probably beneficial.” That ASD was able to bring onboard one municipal government and not the other suggests that trust is not a binary variable; it is not a question of whether you have it or not, but how much trust exists and whether that level of trust is sufficient to achieve the goals of the organisation.

Two additional characteristics of social capital generation are those of repeat transactions and reduced transaction uncertainty. As noted earlier, both Nahapiet et al (1998) and Hillman et al (1999) found that continuous exchange transactions contributed to the growth in social and political capital. Opportunity and timing are constructs that also need to be considered in support of these social capital generating activities. While Antigonish Sustainable Development exercised various opportunities to inform county councillors who had yet to come onboard, the timing and pacing of their interactions could have been improved. As one stakeholder commented, “I think there were signs there where it was time to back off. They just didn’t pick up on the signs or just chose to go the other way and it just continued to push it.” The County of Antigonish eventually backed out of the process while ASD and the Town of Antigonish pushed ahead.

One of the ways to reduce transaction uncertainty is through the escalation of commitment. In their interactions with the business community and the voluntary sector, this is noted in their use of the early adopter process. As some early adopters came on board and progressed through developing their sustainability initiatives, they became more committed and some became champions for others who had yet to begin the process. However, a different approach was perceived to have taken place with the municipalities, with the Town of Antigonish becoming involved and the County of Antigonish choosing to develop their sustainability plans on their own. One stakeholder suggested that ASD went too far, too quickly with their interactions with the County as compared to the more successful efforts with the Town:

Every council is different. I would think that you engage at an earlier stage and send for directions as to what they want and say, “Look, we have this group. Do you want us to go ahead and put a framework together and bring it back? Do you want us to put this framework together over two months and report back to you weekly? Do you want us to do the final staple? Or do you guys want to be involved?” If they have the input into that they’d give you the direction. They bought into it at that level.

Another stakeholder highlighted the need for collaboration, even to the point of joint decisions on minutia. In conjunction with the statement above, this suggests ASD might have achieved a different outcome with the County had more collaboration occurred between the organisation and County councillors and officials.

The fifth characteristic that Wu et al (2004) identified was information sharing. This characteristic is particularly poignant for Antigonish Sustainable Development. When the

County of Antigonish withdrew their involvement in the sustainability initiative, the Town of Antigonish still contracted ASD to draft their Integrated Community Sustainability Plan (ICSP) as required to access funding revenue from federal gas taxes. In contrast, the County of Antigonish hired its own individual sustainability co-ordinator. Though unaffiliated with one another, the executive director of ASD and the sustainability co-ordinator with the County regularly shared information with one another concerning environmental issues facing the area; joint collaborations such as Earth Day, and the like. Subsequently, both individuals left their respective organisations: the sustainability co-ordinator for the County departed in August, 2008 and the executive director of ASD resigned the following month. It is interesting to note that following the departure of their sustainability co-ordinator, the County of Antigonish chose to contract out the completion of their ICSP to the former executive director of Antigonish Sustainable Development. This suggests that this individual had established social capital distinct from ASD as an organisational entity, and was likely due in part to the information sharing with the County that had occurred previously. While the qualitative findings support Wu and Choi's structural characteristics of social capital in that each were present in varying degrees, it also suggests that the appropriate use of tactics is a necessary condition, an aspect that Wu and Choi did not sufficiently explore.

Organisational Tactics

The second research question involves the role of tactics in the generation of social capital. A suitable taxonomy of stakeholder tactics can be found in the writings of Wilson (1975) and Carroll (1979) whose largely similar classifications of social responsiveness can be described as proactive, accommodative and reactive. The use of this tactical typology is more consistent with the stakeholder frame adopted in this paper than more recent tactical typologies in strategic management, such as the more business-oriented approach defined by Porter (1980, 1985). In the Wilson-Carroll continuum of tactics, activities may be characterised by the nature of engagement, with proactive engagement producing outcomes complimentary to all affected stakeholders; accommodative tactics involving trade-offs among stakeholders; and reactive tactics involving the stifling of one stakeholders' interests in favour of another's. Findings suggest that Antigonish Sustainable Development engaged in proactive and accommodative tactics while shunning the outward use of reactive approaches.

Of the three types of social responsiveness, the use of proactive tactics was the most pronounced. Organisational outreach to municipal governments, businesses and voluntary associations was driven by the passion and commitment of the chair and the executive director of Antigonish Sustainable Development. In the organisation's early days, key stakeholders were sought out for advice, to serve as board members, and willingly leveraged to expand the network of interested stakeholders. When the County of Antigonish withdrew from supporting the initiative, ASD continued to provide information to the County on issues of mutual interest and concern. As one stakeholder acknowledged,

I think ASD's taking the right approach by keeping them informed and not pushing it on them... because trying to bully somebody into a bind because it is a good thing for the community is not a good approach. They have to

see that value by themselves. Its like a party, you've got to make them want to come.

This preference for the use of proactive tactics was echoed by an internal stakeholder of the organisation:

We want to be proactive; we want to use the carrot. We believe in the relationships and the collaboration approach. We do not believe in the stick whatsoever. If I hit you with a stick, or you hit me with a stick, I am not interested in relating with you.

There have been a number of occasions when proactive tactics have had to be balanced with the use of accommodative tactics, such as altering the nature of their approach with stakeholders, the methods used for promoting sustainable development, and the timeframes for that implementation. In relation to the early adopters process with businesses and voluntary associations, a fair degree of adaptation has been required to adjust to their differing needs and sizes of the organisations. Other accommodative approaches have included adaptation with respect to the annual fees early adopters have paid to belong to Antigonish Sustainable Development, with some voluntary associations not being able to afford the fees and ASD providing some flexibility in this regard. What is most interesting is the reluctance, in fact avoidance, on engaging in the use of reactive tactics.

Organisations may feel a need or desire to engage in the use of reactive tactics when their interests come into conflict with those of other entities (Wilson, 1975; Carroll, 1979). Such tactics may seek to undermine the competing entity, reduce its legitimacy, or alter its behaviour. While this may well be a norm of business-stakeholder interactions, neither the internal nor external stakeholders interviewed suggested Antigonish Sustainable Development actually implemented any reactive activities. As an internal stakeholder noted, "we do not know consciously whether we have tried to limit or control any group, but we also do not have the intention to do that, so if there is any perception that we do that, we would do our best to change that perception." As another internal stakeholder remarked, "I think as an organisation, our board shares [the view] that we should not go with reactive tactics. Not to say that there aren't discussions about that but, strategically there is no room for reactive tactics... I don't think that helps to build momentum or build collaboration, it does the opposite." It is this desire to facilitate collaboration with multiple stakeholders that counteracts the desire to engage in the use of reactive tactics, as an internal ASD stakeholder explained, "it would not do us or them any good because some day we would want to be partners with them. If we are not partners with them at least we want a healthy relationship with them" which the use of reactive tactics would negatively affect. This is in marked contrast to profit-seeking organisations which may engage in reactive tactics to mitigate supplier price changes; negatively motivate distributors that do not sufficiently promote their product offerings; temper the actions of shareholder activists, and so forth. This emphasis on collaborative strategy has obviated the outward expression of reactive tactics. Whether or not it pre-empts internal consideration is a separate issue. At the very least, proactive and accommodative tactics are *de rigueur* for this not-for-profit organisation.

Scale and Replication

The final research question to be examined is the extent to which this rapidly growing environmental initiative could be replicated by other communities. Interview participants identified a number of conditions related to the structural elements and the tactical choices discussed above. Legitimacy was a key point of discussion, particularly the need for local citizen engagement, as the following comment, representative of many respondents, illustrates:

I don't think that ASD can go and implement it in another community. I think that if there's another community that wants to do this and they have community people interested that the information could be shared... but, no, they can't go and do it. They can support a group that's interested. I think you really need the commitment of the [local] community to do it.

While local citizen engagement was uniformly suggested as a key requirement, the need for municipal support was a point of contention. One stakeholder commented that "people are leery of in some cases if it is not coming through the municipality, I don't think you are going to get much participation. I know you are not because [ASD] didn't" when one local municipality backed out. However, another interviewee countered that ASD has had its own challenges in growing the initiative, "people don't know what it is, because what they hear bothers them, because the more that the politicians get involved the least they trust it because nobody trusts politicians anymore." In addition to the issue of local governmental involvement, another area of debate was the extent to which large communities could replicate the initiative designed in a smaller community.

Organising an environmental sustainability in the Town of Antigonish, with a population of roughly 4,700 people, poses some unique challenges as well as some advantages when compared to transplanting the vision and principles to a much larger community. As a stakeholder commented,

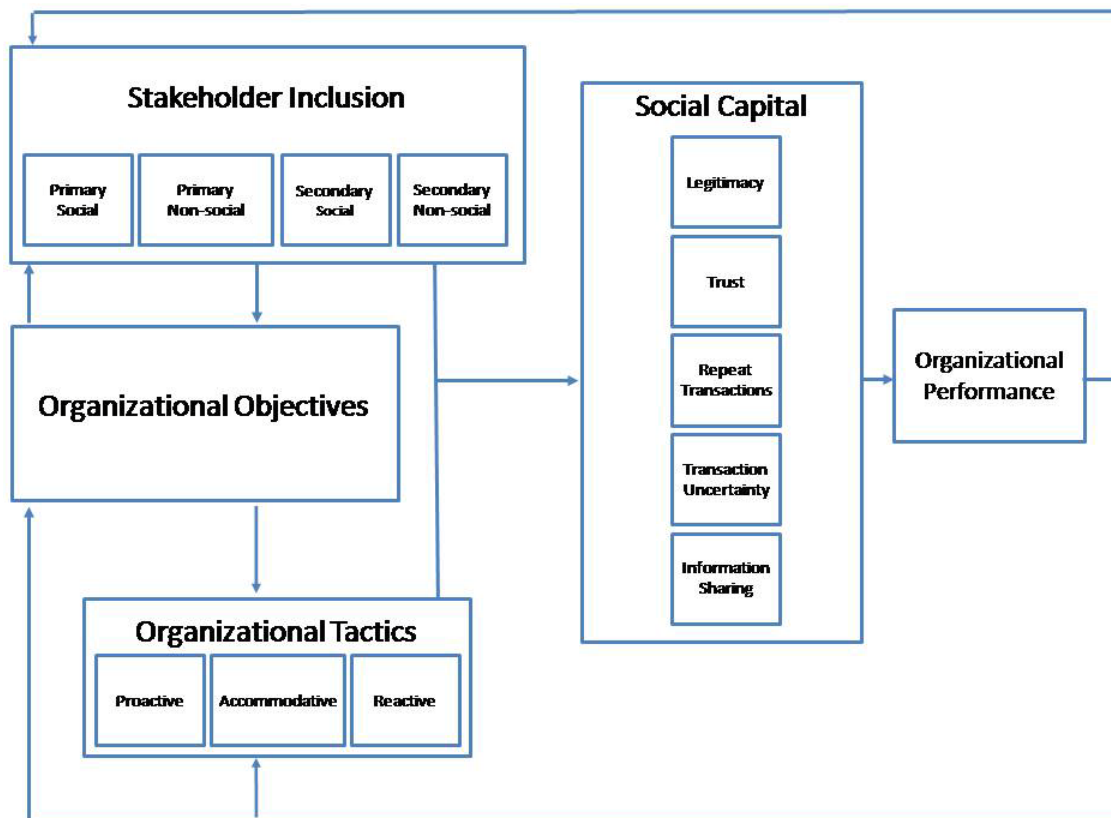
The principles are scalable but the practice has to adapt itself to the environment. Tactics and strategies have to be adapted. But the basic principles, the vision and principles and possibly the mission are probably transferable with some minor adjustments.

An additional concern related to the issue of awareness. In smaller communities, word of mouth and local media can spread information very quickly. "I think in some ways it would be more challenging if you have a larger volume or audience because it's hard to get the exposure and the recognition from that perspective," a stakeholder suggested. The plurality of information sources combined with greater geographic distance in larger communities can make the establishment of wide scale awareness much more challenging. In summary, the consensus viewpoint was that the sustainability concept and principles were transferable but the implementation process, the tactics employed and the modes of communication would require much adaptation.

Contributions

The originality of this paper is the extent to which it ties together theoretical constructs from stakeholder theory to social responsiveness tactics and the structural elements of social capital to provide enhanced organisation performance in the context of community development initiatives, and more broadly, business activity involving the use of social capital, such as corporate social responsibility activities. It provides an important contribution to theory development by integrating these formerly disparate concepts. This integration can be visually depicted in the following model:

FIGURE 2 A Model of Social Capital Formation



The model suggests that the inclusion of various stakeholders influences organisational objectives (Freeman, 1984; Wheeler et al, 1997) which impacts upon the type of social responsiveness tactics employed by the organisation (Wilson, 1975; Carroll, 1979, adapted by the author) that together with direct stakeholder influence, affect the generation of structuralised social capital (Wu and Choi, 2004; Fuller, 2007) which in turn affects organisational performance. This integration advances the theoretical research that is presently exploring the generation and application of social capital within and by organisations.

This paper also offers an important contribution for practitioners in both the not-for-profit and for-profit sectors. For those engaged in the establishment of

collaborative networks, evidence from this study would strongly discourage the use of reactive tactics in relation to the management of stakeholder relations. It would further advocate the use of continued engagement and information sharing even with those parties with whom a mutual relationship has not been formalised. The propensity of organisations to engage in mutual relationships can be enhanced by the presence of leaders in both organisations who are viewed as legitimate and with which bonds of trust have been previously established. Finally, the development of this relationship must be flexible and adaptive to the evolving needs of the responding organisation; the pace and timing of interactions cannot arbitrarily be determined by the initiating organisation. These contributions lead to some broader issues of discussion.

Discussion and Conclusion

This study suggests that an organisation wishing to collaboratively engage with community stakeholders needs to emphasize proactive and accommodative tactics to establish legitimacy, build trust, foster repeat transactions, discourage transaction uncertainty, and to facilitate information sharing. It would be interesting to ascertain to what extent other not-for-profit organisations shun the use of reactive tactics. A similar opportunity that merits further exploration is the degree to which for-profit firms engaging in collaborative strategies with stakeholders, such as with corporate social responsibility activities, also refrain from the use of reactive tactics. While this single case study is insufficient to make generalisations to either of these other situations, in this particular circumstance there was a definite inverse relationship between the objective of stakeholder collaboration and the use of this particular form of tactics. It would be of further research interest to explore whether organisations co-ordinate the use of tactics in their relationships with community stakeholders, and the extent to which this varies across communities, and in comparison to for-profit firms in industries. Such research would advance our understanding of the role and use of social capital activities in terms of organisational behaviour and strategic management, both in the context of community development and in the broader context of business-society relations.

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