



TRANSFORM

Sustainable business practices can build resilient local economies for a post-COVID-19 recovery

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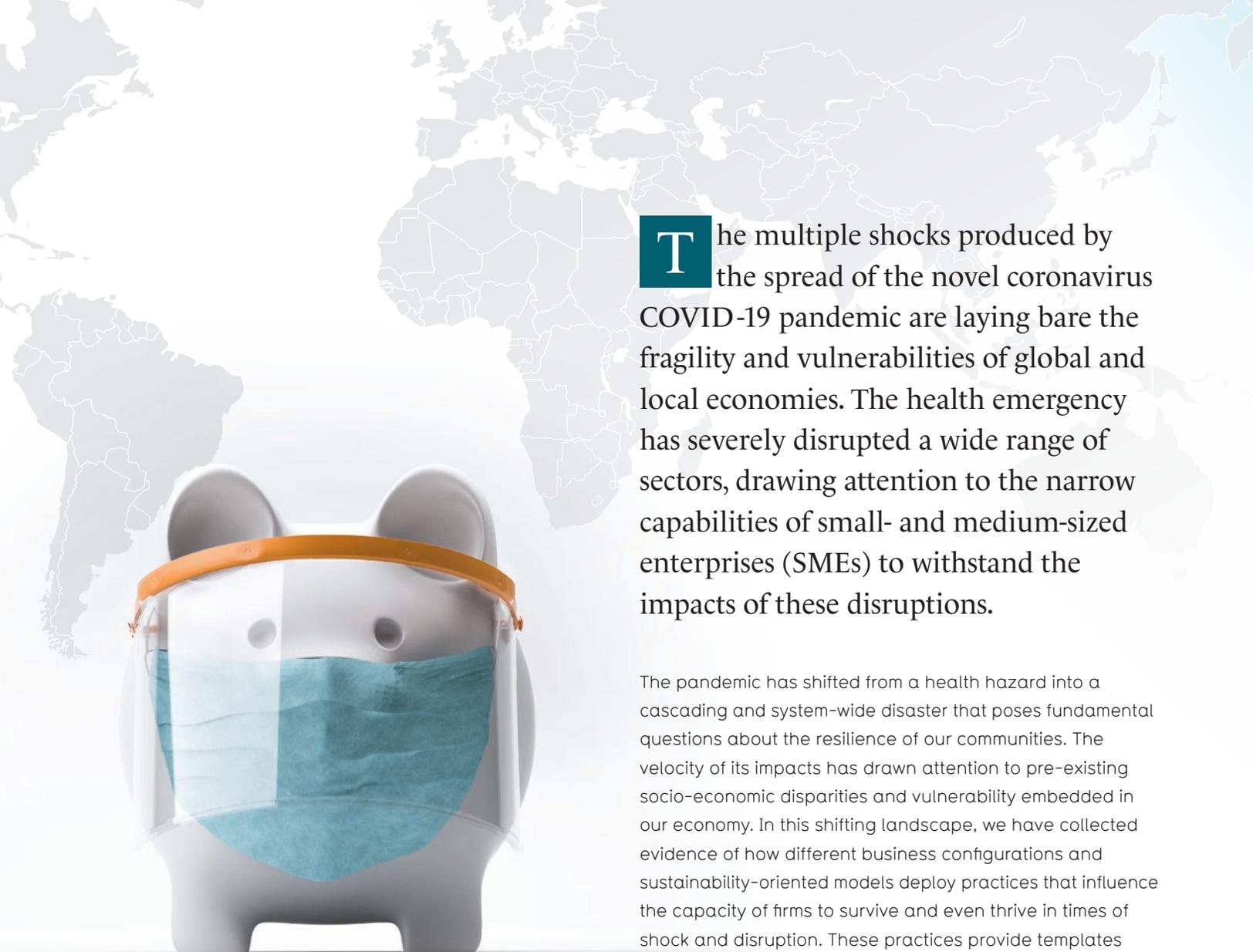
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The multiple shocks produced by the spread of the novel coronavirus COVID-19 pandemic are laying bare the fragility and vulnerabilities of global and local economies. The health emergency has severely disrupted a wide range of sectors, drawing attention to the narrow capabilities of small- and medium-sized enterprises (SMEs) to withstand the impacts of these disruptions.

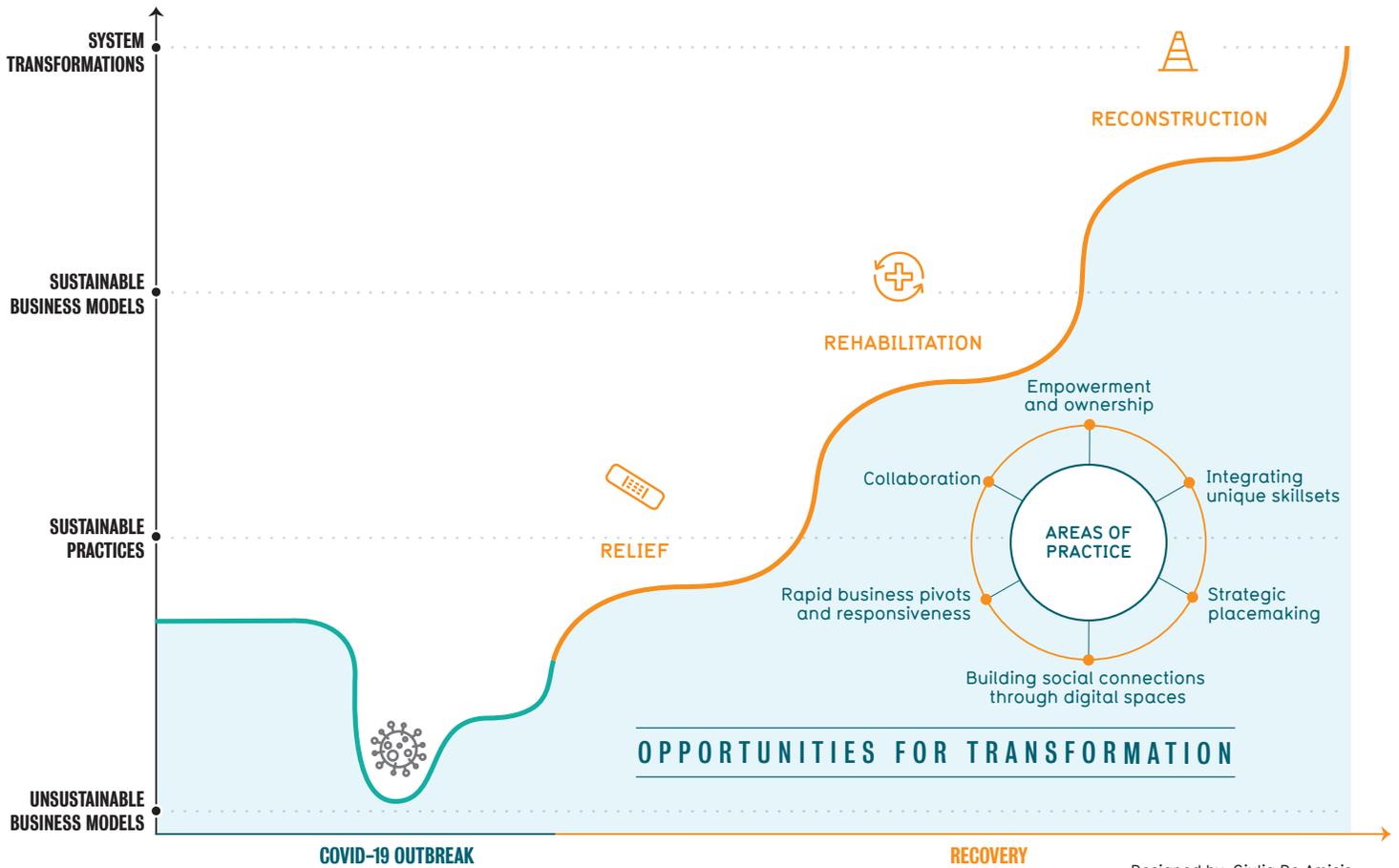
The pandemic has shifted from a health hazard into a cascading and system-wide disaster that poses fundamental questions about the resilience of our communities. The velocity of its impacts has drawn attention to pre-existing socio-economic disparities and vulnerability embedded in our economy. In this shifting landscape, we have collected evidence of how different business configurations and sustainability-oriented models deploy practices that influence the capacity of firms to survive and even thrive in times of shock and disruption. These practices provide templates that can inform a recovery effort rooted in sustainability, strengthening organizational and community capabilities by expanding business services, promoting the integration of new skillsets, and leveraging businesses to build local space and local networks that lead to more resilient communities.

In recent years, entrepreneurs have been increasingly recognized as actors with the potential to overcome barriers, think creatively, and mobilize resources to accelerate community transitions toward sustainability (Bos-Brouwers 2010; Westley et al. 2011; Green 2013; Loorbach & Wijsman 2013; Diaz-Garcia et al. 2015; Schaltegger et al. 2016; Burch et al. 2016). All these characteristics are critical for building resilience across SMEs in the economic recovery process required in the wake of the COVID-19 pandemic. Supporting, replicating, and amplifying these practices, furthermore, can make strategic contributions to securing a prosperous, sustainable and climate resilient future. (See Fig.1).

Introduction

FIGURE 1

A SUSTAINABLE SME-DRIVEN RECOVERY



We examined different types of enterprises and identified exemplary practices which illustrate unique approaches to delivering social, economic or environmental value. These organizations looked beyond the boundary of their own business performing practices which have the potential to make strategic contributions to building individual, organizational and community resilience. Their efforts reveal where policy interventions might create an enabling environment for these types of practices to flourish for an accelerated sustainable recovery.

Unique approaches to delivering social, economic and environmental value

“BUILDING BACK BETTER”

SUSTAINABLE BUSINESS PRACTICES AND MODELS THAT FOSTER RESILIENCE

The Sendai Framework for Disaster Risk Reduction is the global guiding framework on disaster risk and resilience-building.

It recognizes that in the recovery, rehabilitation and reconstruction stages of disasters, there are critical opportunities to “Build Back Better.” In other words, crises may present opportunities to not simply return to the pre-crisis state, but rather address the underlying inequities, infrastructure deficits, and unsustainable patterns of production and consumption that made communities vulnerable to the crisis in the first place. In light of the unprecedented public investments and policy responses by national governments that aim to support recovery from the pandemic, we have observed in the increasing calls from different communities United Nations Framework Convention on Climate Change (UNFCCC), C40 Cities Global Mayors Task Force, (World Economic Forum, We mean Business Coalition, Organization for Economic Cooperation and Development, Green Stimulus Open Letter, the Democracy Collaborative) an opening to interrogate existing business models and approaches to economic activity and reorient our efforts to building back better.

In this sense, the ongoing pandemic is a unique moment in our modern history where societal responses to the pandemic can address underlying sources of vulnerability as well as the negative social and environmental consequences of unsustainable growth. Recovery can support a leap towards a green and socially just economic alternative, strengthening communities and driving individual and shared wellbeing. This will lead to a more

resilient social life where individuals, organizations, and communities have a strengthened capacity to perform their desired activities after an external shock. Resilience is the capacity of a system (individuals, communities, societies, corporations, social-ecological systems) to cope with change (Berkes & Ross 2013). In one sense, it is a reactive concept – to resist shocks – but it captures the active development of the capacity to

thrive in an environment characterized by change (Magis 2010; Armitage et al. 2011). When considering resilience from a sustainable business perspective, we can think of how business models and practices can shape or build resilience at three scales.

Recovery can support a leap towards a green and socially just economic alternative

INDIVIDUAL

The degree that the business environment and practices can develop the capacity and resources of individuals within the business to cope with adversity (Berkes & Ross, 2013).

This is multifaceted, including practices that support workers' mental health; create a strong internal social network; ensure workers receive decent wages and benefits; allow flexibility with work schedules, hours and time off; and meaningfully include workers in decision-making (Spreitzer et al., 2012). Taken collectively, these practices are not only beneficial for workers and their families, but also for the business through the strong commitment of the workforce, and, as exemplified by employee-owned businesses, can be the difference between a business surviving or failing in times of difficulty (Brown et al., 2019). These can also be contributions of the business itself to individuals in the community through services, programs and activities which provide spaces or resources to build skills that lead to resilient individuals.

ORGANIZATION

The degree that enterprises' business operations are able to keep running, to resume, or to adapt to external shocks.

Enterprise-scale resilience is fostered through flexible resources, ability to pivot to deliver new products or services or build novel partnerships to strengthen operational capacities or innovate. Flexible resources are often firm-specific, built through trial-and-error and learned through experimentation which allows firms to not only replace old routines, but also to respond to new problems and avoid major crises (Ortiz and Bansal 2015). At this scale, resilience is also the aptitude to diversify products, engage community participation in planning and the ability to undertake effective disaster response processes (Espiner & Becken, 2014).

COMMUNITY

The degree that business practices can support the community to which it belongs, which may include the neighbourhood or city and its residents, as well as suppliers and customers.

Community resilience is enhanced by creating an environment that fosters a culture of innovation and diversity. The Canadian Centre for Community Renewal (2001) refers to community resilience as the "extent to which community members can use community resources to thrive in a changing and precarious environment. A community that takes intentional action to enhance the personal and collective capacity of its citizens and institutions to respond to and influence the course of social and economic change." (Wright et al. 2013).

Each of these three scales is interdependent and forms part of a resilient society as a whole. But as we observe the emergence of a "new normal" in our society, we must recognize that our economy has shown a high degree of vulnerability, low resilience, and overall fragility when tested by the global health crisis. It is evident that "an all of society approach" (Sendai 2015) to building resilience is imperative, departing from unsustainable patterns towards sustainable systems that will be better prepared to respond to future shocks (OECD, 2020). This shift represents the opportunity for sustainable businesses

to play a crucial part in building a resilient future by leveraging their transformational potential to lead on the recovery and reconstruction processes. There are many examples of deeply sustainable SMEs that we can look to for guidance on what directions to take. Economic recovery policies, furthermore, can enable and support sustainable entrepreneurial and business ecosystems to allow these practices and models to replicate across communities (Lam et al. 2020).

Methodology

In this context, the TRANSFORM research team mapped and examined case studies of sustainable enterprises and their

different practices through a targeted search of known cases, peer-reviewed articles, grey literature (such as policy reports and monitoring/evaluation findings), and online cases nested in different studies or organizational websites. The reports that did not provide evidence or real-world examples, such as normative or aspirational guides for enterprises, were excluded from the analysis. Several examples of emerging real-time practices of enterprises responding to the pandemic, providing important solutions to existing local challenges, have been also included in the review.

DEEPLY SUSTAINABLE PRACTICES AND ECONOMIC RECOVERY





Six thematic areas of practice emerged, wherein enterprises offered strategic contributions to various scales of resilience through deeply sustainable practices. The results provide examples of these types of practices which contribute to building the resilience of systems through interventions at key scales that suggest ways in which these models can lead in a process to “build back better.” An explicit link between these examples and selected Sustainable Development Goals highlights the connection between organizational practices and the broader tasks of sustainability transitions.

THEME 1

Collaboration and interpersonal relationships

Many practices of sustainable enterprises are built on collaborative initiatives and interpersonal connections. The cases examined demonstrated strong levels of collaboration among SMEs that are either closely connected geographically or through personal relationships built on trust and mutual benefits. A strong positive organizational culture and relationship-building with customers also enables an environment of support and strong community-building. These types of practices, developed in collaboration with partners open the opportunity for coordination, complementarity and personal engagements which build social capital necessary for resilient communities. These practices can strengthen organizational capabilities necessary to pivot, sustain revenue and expand service offerings to loyal clients which can support the enterprise in moments of shock. The community-oriented practices help the enterprise connect and collaborate with different stakeholders to facilitate coordinated recovery in affected communities. These types of practices, identified in several sustainable enterprises, aimed at collaboration and relationship building:

- › **Practices that placed strategic priority on collaborative approaches and creativity in the enterprise's operations.** This type of practice assists in promoting coordination and complementarity in the services offered by SMEs and allows organizations to build capabilities to rapidly tap into local resources, supplies and clients.
- › **Practices that sought the integration of new actors and perspectives into the business.** These foster boundary-spanning activities across the enterprises' local communities, which can create an inclusive decision-making

approach and exposure to new ideas necessary to create flexibility in the organization.

- › **Practices oriented toward trust-building and leveraging informal relationships.** This facilitates an open exchange of information and knowledge between partners. These practices provide a wider operational space in times of crisis and create a sense of community necessary to find momentum in the recovery.
- › **Practices that involved a so-called "culture first" approach** that enabled working in various partnerships and considered funding and revenue opportunities from a range of sources without losing the enterprise organizational culture, its focus, its identity and its purpose. This practice can be critical for SMEs to engage with unfamiliar partners or explore new avenues to use resources, while retaining their organizational identity and brand that has been cultivated by owners, managers and employees.
- › **Practices that established close or short (geographically and interpersonally) supply chains.** This practice focused on building personal relationships with local suppliers, clients and community members is at the centre of building resilience, as we observe international supply chains disrupted and uncertain future in the way local economies source their inputs or find new markets.
- › **Practices that promoted customer engagement.** This is necessary for building trust and a strong community of customer support which assured many enterprises can be sustained after external shocks and local customers remain loyal by focusing their support to their local businesses.

An environment of support and strong community-building



FUTURE CIRCLE SUSTAINABILITY

Community of SMEs

WUPPERTAL, GERMANY

Future Circle Sustainability is an SME community in Wuppertal, Germany, that started in 2017 with the objective to exchange sustainability practices. Over the last three years, the Future Circle has grown from an SME cluster exchanging on best practices to a community including multipliers from the municipality and civil society. Together they built an environment in which informal relationships, trust and local identities grew. Now, the focus of the community has shifted from individual organizational sustainability to joint (transformative) projects in the city and region. This is a critical form of co-ordination built over time which enhances individual, organizational and community resilience by creating an ecosystem of enabling relationships that leads to a form of social capital for enterprises.



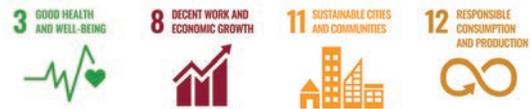
BARRIO BREAD

Collaborative Food Systems

TUCSON, AZ, UNITED STATES

Barrio Bread is a community-supported bakery producing a range of artisan breads using local and organic heritage grains and flour for direct retail sales and wholesale to local stores and restaurants. The baker has nurtured a strong community around the bakery built on quality, personal relations, education and solidarity, resulting in high demand and an army of ambassadors for the bakery and for the local food movement. The baker has also been instrumental in growing the sustainable local grain economy through collaboration with farmers, millers and other bakers. Though wholesale has been hit hard, the business is weathering the COVID-19 crisis due to its short supply chain, direct sales and committed customer base.

The focus on close suppliers based on the search for sustainable environmental practices, which reduce carbon emissions and stimulate local, sustainable economies, has allowed the bakery to maintain stable production when several larger supply chains that rely on remote inputs were disrupted. Further, a loyal customer base keeps its revenue stable and helps Barrio Bread to rapidly adapt to new operational demands. These various sustainable practices make the enterprise resilient by assuring continuity and maintaining a market for their suppliers, which in turn, as a whole food system, becomes part of more resilient communities.



THEME 2

Strategic placemaking



Many SMEs engage local people and build capacities that provide a model for how physical spaces can be designed to facilitate shared learning (Ashnenazi 2018). They promote the creative use of technologies that can be oriented towards developing new products, services and even developing shared visions of the future. These practices build capabilities necessary for anticipation and planning for unforeseen events which require flexibility, decision-making skills and adaptability (Norris 2007), and apply to both public and private space. A strong attachment to the place has been noted to enhance community building and sustainability orientation in business (Shrivastava & Kennelly, 2013). The practices that contribute to strategic placemaking are critical for creating spaces for dialogue and the possibility of enhancing residents' sense of ownership in their community. Strategic placemaking practices are essential to both instill responsibility for public areas and enable local coordination, and allow participants to visualize change in an urban context (Frantzeskaki et al. 2018). The types of practices observed included placemaking of open space, but also curated internal spaces aimed at harnessing creativity and connecting entrepreneurial networks. They create needed infrastructure, local jobs, and supply chain opportunities for local enterprises and provide tools for local, sustainable enterprises that make up the fabric of a resilient community.

- › **Practices that sought to strategically engage and construct public space for inclusive and participatory community building activities** – civic space. This is a deliberate approach to intervene through services or design of physical space aimed at creating positive social interactions, reducing negative environmental impacts or enhancing economic benefits from geographically close locations or available critical assets.
- › **Practices that engaged the enterprise in urban transition projects.** These activities foster individual and organizational place attachment to build the type of client and supplier relationships oriented towards a sense of community and shared ownership that enables coordination, inclusion and the emergence of new sustainable practices.
- › **Practices that targeted investments in shared fabrication spaces.** This practice can give citizens tools to develop designs, prototype and launch new sustainable products or services. This provides manufacturing spaces for local enterprises and sites for innovation. These have become central to shifting and localizing supply chains for critical supplies directed at local markets, bypassing disruptions in global supply systems.

**Local, sustainable enterprises
that make up the fabric
of a resilient community**



GAP FILLER

CHRISTCHURCH, CANTERBURY, NEW ZEALAND



Gap Filler is a social enterprise in the creative industry sector. They design and deliver placemaking strategies and programmes for communities aimed at creating participatory, equitable and social public spaces. After the 2010 Christchurch earthquake in New Zealand, they initially worked with the city’s food security program called “Garden City 2.0” which emerged to transform unused public space into food gardens. GAP Filler expanded the aim to create “a city where anything is possible.” Their practices focus on creating “engaged and responsive communities and citizens, that help grow wider public awareness of civic issues” and creating opportunities for participation in community building. These engagement types promote a sense of ownership by individuals over shared public space and provide opportunities for innovations to emerge in an inclusive, participatory, and open manner. Overcoming apathy and disfranchisement of citizens is imperative for building the mechanisms by which governing community space can lead to social cohesion and healthy communities, which are central characteristics of resilience.

UTOPIASTADT

WUPPERTAL, GERMANY



Since 2011, Utopiastadt has strategically engaged in the development of fallow land and neighbourhoods in the city of Wuppertal to make space for community interaction and well-being in the neighbourhood. They are known well beyond Wuppertal and function as a role model for many similar initiatives in Germany. The core of Utopiastadt’s value model is providing the space for citizens to meet, to build communities and to collaborate. Specific practices include urban gardening, co-working spaces, a café, a maker’s space, a bike rental, and – in times of COVID-19 – an online radio station. The types of community centres thrive on small scale enterprises, leading to establishing open and creativity-oriented public forums, drawing civic engagement, and bringing together individuals that can test new programs and ideas and introduce imaginative ideas leading to human well-being and development, central to resilience citizens and communities.



THEME 3

Building social connections through digital spaces

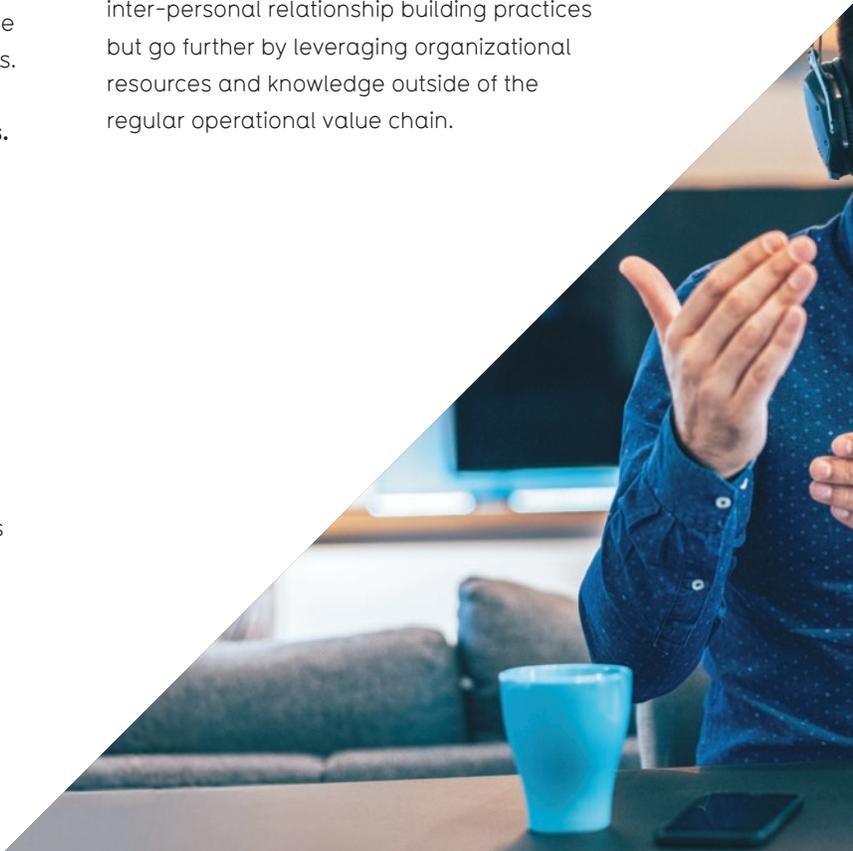
It is widely established that digital skills are essential for an SME to thrive in a global market by enabling increased productivity and the ability to reach new customers and markets more easily (OECD, 2019). In our review we found that digital skills also provided SMEs with greater agility in adapting to the new and emerging challenges associated with COVID-19, for instance, through the incorporation of distribution channels via digital platforms to serve local markets. SMEs have also harnessed digital skills in the creation of online ecosystems of support which have led to increased social connections and awareness of opportunities for SMEs and the wider community. The development of social networks is essential for resilience building where connections act as an important mechanism for coping and supporting in the development of adaptive capacity by enabling people the ability to adapt to and shape change (Dapilah, et al., 2019). Several practices facilitated SME engagement and knowledge sharing opportunities through different forms of digital spaces.

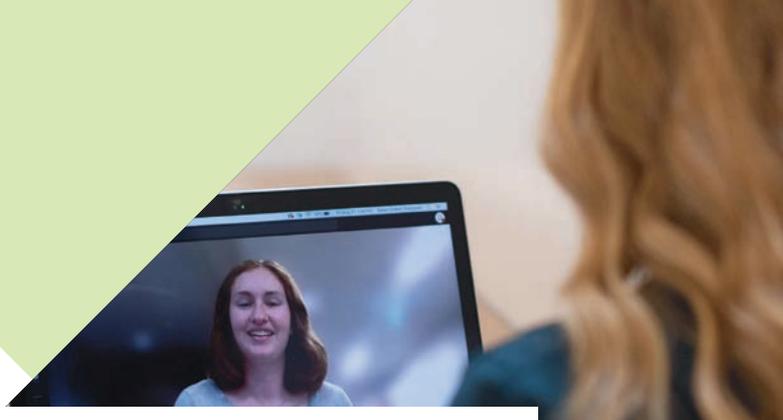
› **Practices that led to the development of learning platforms.**

This includes practice sharing, social forums and innovations that foster opportunities for peer learning and act as a virtual space for reflection. In particular, these forums provide direct communications across industries or competitors firms leading to a focus on local economies and communities opening space for debate.

- › **Practices that encouraged the recognition of SMEs' contributions to sustainability.** Digital and social spaces provide a spotlight for individuals or organizations to showcase positive outcomes on sustainability, and builds local leadership. These types of practices can expand to sourcing or distribution which can be replicated by other local organizations.

- › **Practices that promoted local network building and knowledge sharing.** These include outcomes and engagements through learning platforms, but also social media which deployed strategically can be effective and efficient for functioning of local enterprises, particularly in regard to accessing location specific information, linking to local government bodies or training organizations, as well as provide avenues for accessing resources such as regional funding and training.
- › **Practices that supported the development of unlikely alliances.** These forms of partnerships can strengthen the capacity of SMEs to rapidly pivot their business services, trigger new innovations and diversify their operations based on both social needs and market demands. They are complementary to coordination and inter-personal relationship building practices but go further by leveraging organizational resources and knowledge outside of the regular operational value chain.





2GATHER.JETZ

HAMBURG, GERMANY

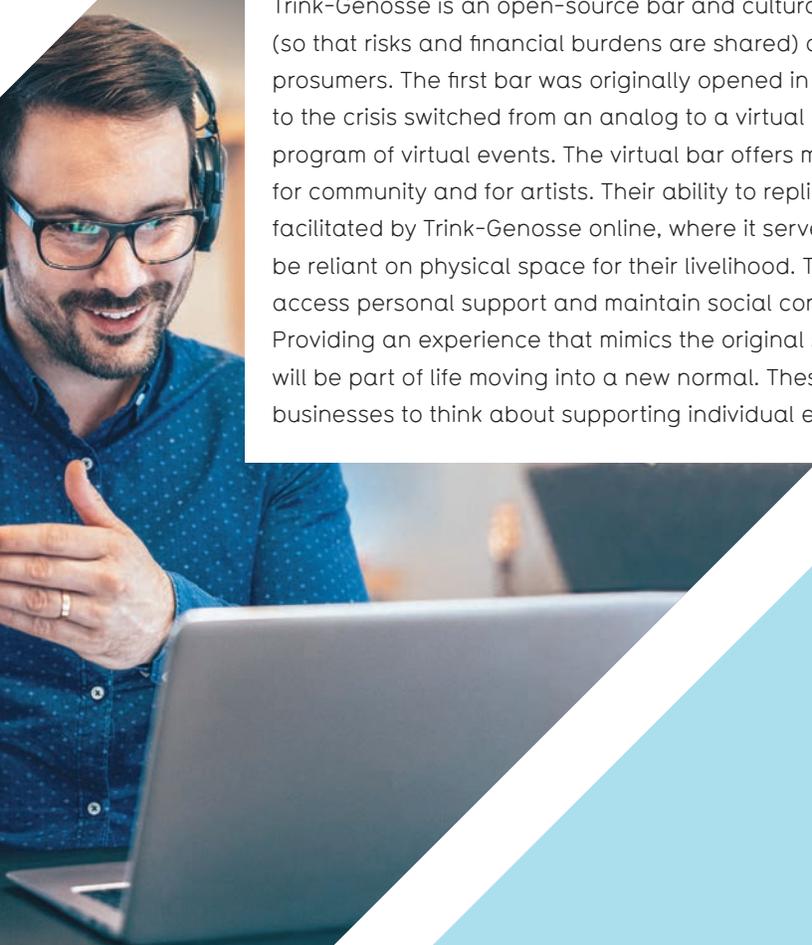
2.Gather.jetz is an online platform that enables the self-employed and small business owners a chance to support each other by providing a space to network, and also offers a template on their Instagram channel so freelancers can make public offers or requests based on services and skills. It aims to be a ‘platform for cohesion in a time of crisis’ and was launched by a retail business specialising in sustainable design products in Hamburg after facing their own challenging experience of finding information for the self-employed during COVID-19. Their practices lead to increased social connections as well as the resources within the network such as access to funding information and support, which facilitate acquisition of new resources and necessary social support for organizational capacity to respond to external shocks and rapidly reorganize their functions.



TRINK-GENOSSE | trink-genosse.de

COLOGNE, GERMANY

Trink-Genosse is an open-source bar and cultural space concept organized as a co-operative (so that risks and financial burdens are shared) of currently 130 members that are involved as prosumers. The first bar was originally opened in Cologne in March 2020 however in response to the crisis switched from an analog to a virtual bar alongside a meeting and event space and program of virtual events. The virtual bar offers meeting and event space during the lock-down for community and for artists. Their ability to replicate physical space on a digital forum was facilitated by Trink-Genosse online, where it serves to connect individuals that would otherwise be reliant on physical space for their livelihood. This type of practice enabled individuals to access personal support and maintain social connections at moments of lockdowns and crises. Providing an experience that mimics the original sense of community built on physical spaces will be part of life moving into a new normal. These practices provide a starting point for businesses to think about supporting individual engagement in their communities.



Reach new customers and markets more easily

THEME 4

Rapid business pivots and responsiveness



Entrepreneurs who are committed to environmental values and long-term visions for sustainability are particularly well positioned to respond to the current crisis. Their commitments and long-term visions form a solid base from which they can pivot to do what entrepreneurs do best: respond creatively and practically to challenges, opportunities and cultural shifts that arise in the communities in which they build their businesses. Though academic and popular interest tends to be focused on the technical ingenuity of entrepreneurs and their capacity to be ‘economic engines’ for communities, new empirical work shows that entrepreneurs have more at stake and their interests and relationships run deeper than the ‘bottom line’ (Westman et al, 2019). As both economic and social actors with a stake in their community and the motivation, experience and skills to mobilize resources creatively, entrepreneurs are key contributors to resilience in times of upheaval like the current pandemic. The rapid review identified several key practices that entrepreneurs are implementing during the pandemic to facilitate pivots to respond to rapidly changing economic realities and contribute to community resilience.

- **Practices that embraced and structured activities based on emerging opportunities.** These included those rapid pivots to create new products from operational waste or bi-products, or rapidly adapting to emerging safety regulations and policies by expanding physical spaces in buildings or external infrastructure to allow continuity in operations. These relate to organizational flexibility and capacity to adapt to new circumstances.
- **Practices that rapidly respond to culture shifts to develop new services and connect with the local community.** This practice reflected the direct connection and knowledge of local communities and individuals, as well as community needs which allowed the enterprise to respond to shock by recognizing changing consumer preferences, priorities and spending habits. This includes a focus on new societal rules and practices emerging from unexpected alterations in normal social routines.
- **Practices that articulated and committed to a long-term sustainable vision.** This practice provides a guiding principle for the organization for investing in sustainability-oriented activities and services. While rapid pivots are essential to sustain enterprises during a given period, articulating a more extended connection to sustainability requires a strong commitment to a long-term vision of community and purpose. This serves as a driving force allowing for failures to become learning opportunities, which is part of the resilience-building process for organizations.



CAFE PYRUS

KITCHENER, ONTARIO, CANADA



This organic fair-trade cafe with multiple locations sources local ingredients and specializes in vegan cuisine. Though they are always building a strong community amongst their customers, during the COVID-19 pandemic, Cafe Pyrus initiated a number of new strategies. The first initiative is a contactless “farmers’ market” in partnership with local farmers who would normally rely on the Kitchener Market for significant income. Another initiative is a frontline worker lunchbox. With all takeout orders, customers have the option to purchase an additional high-quality lunch for a frontline worker. This initiative demonstrates community building and support for those who are working for all during the pandemic. Likewise, their ability to pivot and respond during the crisis has increased their presence in the community. The contribution to resilience is demonstrated by the ability to shift the business model to generate revenue under new circumstances. The resilience of the enterprise is increased by also providing an opportunity for collaboration among their suppliers to also generate income that could have been a significant loss to each business without their normal sources of revenue.



Resilience is demonstrated by the ability to shift the business model

THEME 5

Integrating unique skillsets

The integration and development of individuals with unique skill sets such as those nourished by engaging in creative or scientific practices have proved to be critical for SMEs to integrate new knowledge, connect with potential partners and nurture an organizational culture of flexibility, adaptability, and innovation. These are all desirable characteristics to strengthen organizational and community resilience. Individuals with these skillsets can provide essential inputs for the expansion of managerial or operational roles into sustainability literacy and widen the space for SMEs to think about new opportunities to cope with a rapidly changing environment and actively participate in building community. These types of practices begin with individuals with skills sets beyond the managerial or technical (Foucrier and Wiek 2019), but rather are driven by creativity, imagination and adaptiveness.

- › **Practices that developed learning opportunities to support local needs.** This effort focused on supporting youth and emerging entrepreneurs by engaging them in shared learning and creative spaces with shared tools or resources. Providing resources and accessible physical spaces for individuals to experiment, share ideas and access equipment or materials to develop their ideas is a key for unlocking local innovation. These practices nourish existing local skillsets to address shared challenges, needs and opportunities.
- › **Practices that engaged in widespread skill- and capacity-building in communities at different scales.** While emerging enterprises require support, capacity building programs should also help to develop new skill sets and training of senior officers, local government employees working on programs aimed at supporting SMEs, Chambers of Commerce or other key stakeholders in the enabling ecosystem.

- › **Practices that built a local sense of agency by providing ample opportunities for individuals and organizations to engage in community decisions** around new projects in public space and promoting a local culture of innovation focused on social and environmental goals. This partly supports developing local agency, leadership and unique voices likely to shape the next generation of innovations.
- › **Practices that assigned a spokesperson, champion or creative individual with (nurtured) skillset to operate across the different levels of complexity.** This includes skillsets developed in the creative or digital industries, or the arts and science which can introduce new capabilities to form partnerships, identify opportunities and develop ideas to advance innovation in the organization. The institutionalization of these types of practices attract talent to the organization which can lead to capacities necessary to pivot, recognize new partners or build personal relationships.

**Driven by creativity,
imagination and
adaptiveness**



FRESH ROOTS

VANCOUVER, B.C., CANADA

Fresh Roots is a social enterprise based in Vancouver that partners with local schools and other institutions to create urban gardens designed to become thriving neighbourhood gathering places. In addition to equipping local youth with skills to grow their own food, they also provide employment and leadership training. The food grown is sold back to school cafeterias and surrounding neighbourhoods through schoolyard market gardens, creating further employment and opportunities to learn retail, marketing and community organizing skills. They source food locally and divert waste. Fresh Roots also established the Lunch Labs program to provide nutritious food in local schools, and training opportunities for student chefs. When the pandemic hit, the Lunch Labs program pivoted to provide meals to over 250 households whose incomes have been impacted by COVID-19 shutdown. To continue this program, Fresh Roots partnered with the Italian Cultural Centre and provided paid work for chefs and kitchen professionals who would otherwise not be working. The flexible mobilization of resources in this project makes multifaceted contributions to resilience in the Vancouver community, through the establishment of novel partnerships, the engagement of community participation and the enhancement of collective capacity of citizens and organizations.



MAKERSPACES

GLOBAL

This broad type of enterprise aims to create shared spaces providing communities with STEM (science, technology, engineering and math) skills, but also nurturing creativity and innovation in young people and future entrepreneurs. These spaces, often located in universities or in buildings specifically designed by SMEs, provide a shared space for collaboration and exploration and are closely connected to the hyper-localized and micro-manufacturing SMEs. They offer collectively owned capital in the form of the tools tenants need to make and manufacture their products. This value constellation can be complemented by a direct route to market for innovations through linked retail spaces. These range from community-based labs to advanced research centres; Fab Labs, for instance, share the goal of democratizing access to the tools for technical invention. This community is simultaneously a manufacturing network, a distributed technical education campus, and a distributed research laboratory working to digitize fabrication, inventing the next generation of manufacturing and personal fabrication. This creates unique physical spaces to respond to local needs and build technical resources for expanding productive activities and industry, including bespoke enterprises to the local culture, history and urban space.



THEME 6

Empowerment and ownership

Businesses that empower their workforce build resilience in employees and the enterprise with potential spillover benefits for communities.

Employee empowerment, a complex concept encompassing authority, accountability, autonomy, and resources and capacities (Verhulst and Boks, 2014), develops employees' professional and personal skills, increases job satisfaction, trust, commitment, and innovation (Krog and Govender, 2015), and generally leads to employees who “thrive” in and beyond the workplace (Spreitzer et al., 2012). In employee-owned businesses, as found in worker co-operatives or in firms with majority employee stock ownership plans or trusts, empowerment receives a powerful boost through the common interest and commitment to the organization generated when the workers are also the business owners (Kruse et al., 2004). Employee-owned firms have a number of spillover benefits for local communities, and successfully rideout economic crises by implementing (for instance) across-the-board, voluntary cuts in wages and hours and other creative ways to avoid workers losing their jobs (Pérotin, 2014).

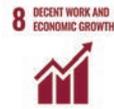
- **Practices that shared risk and rewards equitably among members.** This type of practice can become organizational policy which produces economic stability and well-being for workers, and workforce commitment and motivation. This is fundamental to building organizational cultures based on respect and inclusion, providing decision-making capacities to employees.
- **Practices enabling strong workforce participation.** This type of practice includes employees in meaningful decision-making which can lead to higher productivity, worker satisfaction, quality of service, and innovation. They can also nurture and strengthen professional or technical skills, prompt rapid innovation and encourage new start-ups by enhancing individual participation in the enterprises processes providing employees a greater understanding of entrepreneurial efforts.

**Businesses that
empower their workforce
build resilience**



TECHNICIANS FOR SUSTAINABILITY

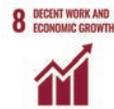
TUCSON, ARIZONA, USA



Technicians for Sustainability (TfS) is a worker co-operative and certified B-Corp solar design and installation company of commercial and residential solar systems in Tucson, Arizona. The business is owned and controlled by 19 of its 55 workers with additional worker-owners being added each year. The business has been very successful financially without compromising its long-term mission of transforming the local energy system, serving the needs of its workers, and contributing to the sustainable development of the community. Being a worker co-operative has created high trust within the business and a strongly committed and motivated workforce. These were critical factors in supporting the business to adapt its operating procedures in response to the pandemic. As a result, but also due to their strong reputation in the community built on high-quality service, business has increased. Being a member of a national consortium co-operative for small solar companies has also helped by the sharing of experiences and mutual learning it provides.

BUURTZORG

REGIONAL, THE NETHERLANDS



Buurtzorg revolutionized the Dutch healthcare system by empowering nurses to take over responsibility for their teams and neighbourhoods. Their social enterprise model is based on a range of personal, social, and clinical care practices for patients. It then expanded to Germany, where each team of a maximum of 12 nurses works in a completely self-organized, flat hierarchical structure, which allows them to take care of the entire health care process. They receive support from a coach that enables the team to work together. The nurses enrol new patients, plan their healthcare delivery plan, and select new team members. A small group in the headquarters of about 50 people supports the nurses nationwide on the different Hubs. The employees, in this case, health care providers, are entirely in control of how they provide healthcare to clients with a more direct and personal understanding of local communities and individuals. Their practices begin with the individual and their needs, working outwards to tailor healthcare solutions. These practices offer potential contributions to resilience spans from the individual to the community level. These are the building blocks for strengthening local networks of support through localized health services that can enhance prevention measures, which become the foundation for community-owned responses in moments of crisis.



CONCLUSION

An enabling ecosystem for a sustainability-driven recovery

The types of individual and organizational practices that contribute to community resilience indicate a series of more robust and strategic engagements of sustainable enterprises that enhance local development. These practices and business models require a support system and enabling policy environment which equips newcomers to learn rapidly, adapt, and invest in building new capabilities based on sustainability-oriented mindsets. The overall value that these organizations bring to the community and receive from their clients, partners, and stakeholders demonstrates a more profound sense of integration and commitment to achieving positive outcomes than SMEs driven solely by profit. They suggest that these enterprises possess higher levels of organizational resilience than their profit-driven counterparts.

Policy actors can strengthen the ecosystem of regulations, incentives, resources, and actors necessary to build sustainability practices, which ultimately is a form of “business expansion” that will help businesses deliver new types of value to their organization, employees, and communities. This ecosystem should bring forth new actors, partnerships, funding mechanisms, and skillsets to support accelerated sustainability transitions in small- and medium-sized enterprises. A series of targeted recommendations, derived from the evidence gathered by this team, provide a policy roadmap for the government at diverse scales.

Policy recommendations

The following policy recommendations integrate sustainability practices into the core of economic recovery to ‘build back better.’ The recommendations encourage government and key stakeholders to promote the widespread adoption of sustainability practices by SMEs, which in turn contributes to building local capacity and increasing community resilience.

1 Strongly articulate a positive vision of the “new normal” at multiple scales to motivate collaborative solution generation, a sense of shared endeavour, and the powerful synergies between environmental sustainability, economic resilience, public health, and social justice. This requires leadership-building and strong advocacy; by leveraging existing ecosystem actors, local organizations can develop a practical approach to sustainability and resilience-building.

2 Support the formation and operation of worker co-operatives and other employee-owned business types through city policies that re-orientate economic development activities to explicitly include and prioritise worker co-operatives at least as highly as conventional SMEs. Worker ownership creates robust, local businesses with decent, stable jobs and spillover benefits for communities.

3 Deploy national/regional/local support for capacity-building in sustainability-oriented clusters of organizations, rather than focusing entirely on support for single enterprises. For example, provide training and capacity to develop expertise on sustainability in Chambers of Commerce, innovation funds and donor organizations supporting SMEs. Look to partner with social impact investment funds, and leverage with partnerships with local organizations and networks to amplify program goals.

4 Design policies that provide incentives and guidance with a clear and simple sustainability evaluation framework for firms to adopt sustainability criteria (i.e. preferential access to governance contracts, tax rebates, subsidies). These need to be communicated by existing organizations and actors

working with SMEs by making proactive outreach efforts through existing communication channels. These resources should provide dedicated financial vehicles and technical support for start-ups demonstrating the potential to make strategic contributions to community sustainability and resilience.

5 Upskill and retrain workers, owners, and managers who wish to reorient business practices towards more sustainable outcomes. Examples include custom training for employees according to their role in the SME to be able to recognize opportunities to integrate sustainable measures at different operational levels. In the long term these capabilities will be transferable to enable economic diversification to amplify sustainable enterprises and models across industries.

6 Local government can repurpose public space to incentivize clusters of sustainable businesses or investors to support local enterprises or assure this becomes a priority for future urban development planning plans. Examples include the creation of strategic urban development plans aimed at dedicating areas to local micro-manufacturing and hyperlocal production facilities with shared infrastructure and cost models to support creation of local supply chains or circular economy models across industries.

7 Raise the profile of success stories to illustrate best practices, enhance the reputation of sustainable firms by promoting peer-recognition schemes, grants to expand or replicate sustainable practices, showcasing and providing local commerce with examples of sustainable models in their communities.

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