

‘Keeping the Business Running’. Evidence of Sustainability Practices in New Zealand Small Firms

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Abstract

Sustainability practices have been predominantly developed in the context of large corporations and therefore largely fail to engage small and medium-sized enterprises. There is a perceived need to understand sustainability from the perspective of small firm owner-managers. The focus of the present study is to understand how small business owners define sustainability in the context of their firm and explore how they put this understanding into practice. This paper reports on a qualitative study based on face-to-face interviews with 50 owner-managers of firms with less than 50 employees. Using Spence & Rutherford’s (2001) framework it is argued that the small firms in our sample showed a wide and diverse range of sustainability practices, but tended to under-emphasise their environmental and social engagement and to use language different to that of ‘sustainability’. From the analysis recommendations are drawn that might assist policy makers and practitioners in the design of sustainability programmes for SMEs.

Introduction

The small and medium enterprise (SME) sector is already widely recognised for its significant contribution to the economy, but in recent years SMEs have also attracted increasing attention when it comes to their environmental and social impact. Further, SMEs are increasingly criticized for being highly resistant to voluntarily improving their environmental and social performance, to behave reactively rather than proactively, and to display poor overall up-take rates of sustainability programmes (Observatory of European SMEs 2002, Rutherford et al. 2000, Revell and Rutherford 2003).

Definitions of corporate sustainability (CS) are very broad and do not take into account specific business contexts. Some commentators claim that this plethora of definitions is of little practical relevance to organisations (Mareewijk 2003). This seems to be particularly important in the context of SME research, given the heterogeneity of this sector. However, theories and practices on corporate social responsibility (CSR) and CS have been predominantly developed for and in large firms (Jenkins 2006). Although the specific characteristics of small firms are acknowledged, for example resource constraints, personalised management style, lack of formal structures and ownership structure (Storey 1994), attempts to engage small

firms in sustainable practices have centred on the modification of conventional approaches to sustainability to fit the needs of small firms. Assumptions are often made that measures to engage SME firms in CSR or CS can be scaled down versions of those developed in large firm contexts (Jenkins 2006). As a result many of the programmes that have been developed are not relevant for SMEs and therefore making it difficult for SME owner-manager to buy into it.

This paper argues that a more comprehensive and successful course is to embrace a “bottom-up” which means to develop the theory and practice of sustainability from the perspective of SME owner-managers (Jenkins 2006). The focus of the present study is to understand how small business owners define sustainability in the context of their firm and explore how they put this understanding into practice. There is a perceived need to understand sustainability from the perspective of small firm owner-managers in relation to their business practices and to understand sustainability in its entirety, including social as well as environmental aspects.

Defining Sustainability

There are diverse and often competing definitions of CS. The concept of CS arose out of the environmental movement and in particular the Brundtland definition that emerged in 1987.

Sustainability development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs (World Commission on Environment and Development, 1987, p.43).

Although this definition is still frequently used, over time two very different ways of defining and conceptualising CS have developed. An ecological view of CS identifies sustainability within the environmental responsibility dimension of business (Montiel 2008). Starik and Rands (1995) define ecological sustainability as:

The ability of one or more entities, either individually or collectively, to exist and flourish (either unchanged or in evolved forms) for lengthy timeframes, in such a manner that the existence and flourishing of other collectivities of entities is permitted at related levels and in related systems (p.90)

Environmental management scholars also reflect this orientation towards environmental responsibility. Topics of interest in the corporate environmental management field include environmental management systems; ecological responsibility, corporate greening; corporate environmental responsiveness and eco-entrepreneurship (Montiel 2008).

However, other definitions of sustainability broaden the concept outside the domain of environmentalists and ecologists to include economic and social phenomena. Increasingly corporate sustainability is defined as a tri-dimensional construct. A triple-bottom line approach to corporate sustainability emphasises the balancing of three different but inter-connected variables - economic responsibility, social equity and environmental integrity (Bansal 2005). The central theme in this definition is the interdependence between economic growth, environmental considerations and social justice factors. Here the emphasis is on achieving human development in an inclusive, connected and equitable manner. Key components emphasised are inclusiveness, connectivity, equity, prudence and security (Gladwin and Kennelly 1995).

With their shared economic, environmental and social concerns it seems that CSR and CS are converging. The conceptualisation of CSR that integrates social, economic and environmental dimensions and the triple bottom line approach of CS are very similar.

Furthermore much of the management literature uses CSR and CS to refer to social and environmental management issues. In the light of this plethora of definitions we refer to corporate sustainability as “*company activities – voluntary by definition – demonstrating the inclusion of social and environmental concerns in business operations and in the interaction with stakeholders*” (Mareewijk 2003, p.102). However, in his attempt to provide an overview of the contemporary debate on the concepts and definitions of CSR and CS Mareewijk (2003) concludes that broad definitions like the one cited are of little relevance for organisations. Instead he proposes to allow a variety of definitions that are more specific taking into account the specific context of a business like its development, awareness or ambition levels. This seems to be particularly important in the context of SME research given the heterogeneity of this sector. As SMEs constitute the vast majority of the business population, it is unlikely to find a definition that embraces the self-employed hairdresser, the small manufacturing exporter and the fast-growing high-tech enterprise employing 80 staff. The broader the definition the more difficult it is especially for small businesses to see how they could possibly contribute to the sustainability agenda.

SMEs and corporate sustainability

A review of the literature on SMEs and CS indicates that much of the research to date has focused on the environmental dimension of sustainability, namely environmental management practices and environmental performance of SMEs (for example Revell and Blackburn 2007, Hillary 2000, Hillary 2004, McKeiver and Gadenn 2005, Rutherford, Blackburn and Spence 2000, Merrit 1998, Petts et al. 1999, Tilley 2000). The focus of the present research is to take a more holistic approach by including environmental and social aspects of corporate sustainability. For this reason plus taking into account Mareewijk’s (2003) considerations on the similarities between corporate social responsibility and corporate sustainability we have extended our review to cover the CSR literature within the SME research field.

Jenkins (2004, p.52) concludes in her critique on conventional CSR theory that “*SMEs are frequently seen as a failure within the CSR debate, because of their failure to become engaged with it. An alternative interpretation is that it is the CSR debate that is the problem, because of its failure to engage SMEs.*” The cited failure results mainly from attempts to scale down CSR/CS approaches that have been developed in and for large firms to suit smaller firms. However, in addition to size there are further internal and external characteristics that need to be taken into account to explain behavioural patterns of SMEs in relation to CSR/CS. The Bolton Report (1971) names three main characteristics differentiating small firm from large firms:

- The firm is owner-managed in a personalised way, not through a formal, specialised management structure.

SMEs are mostly privately held with the owner-manager having multiple responsibilities and roles with a strong involvement in daily operational tasks. While most owner-managers have a good technical knowledge of the business, they are often lacking management capabilities and resources (Fuller-Love 2006, Walker et al. 2007, O’Dwyer and Ryan 2000).

- The firm is independent, in the sense that it is not a subsidiary of a larger enterprise and the owner is free of outside control in making decisions.

While decision making is free of outside control it is strongly driven by the values, personal beliefs and attitudes of owner-managers and their psychological characteristics. Despite the legal independence, many SMEs rely on one large customer making them not only financially vulnerable, but as well exposed to pressure from within the supply chain.

- The firm has a relatively small market share, serving a local or regional rather than a national or international market.

Despite serving a smaller and rather local market, there is no doubt that SMEs have an impact on the environment and on the society, but the impact is likely to be different from the impact of large firms. It is often quoted that collectively SMEs are responsible for up to 70% of the global pollution, but this figure has not been supported by any substantial quantifiable studies (Hillary 2000).

In an effort to motivate SMEs to take up CSR/CS programmes, it is often argued with the ‘business case’ suggesting that implementing CSR/CS practices will benefit the business in a number of ways, from financial gains to increased reputation and high employee motivation. However robust evidence is missing that the business case is applicable to SMEs as it has been developed on research evidence from large firms only (Jenkins 2000, Revell and Blackburn 2007). Jenkins (2000) concludes that “*SMEs are likely to be sceptical of CSR programmes that require expenditure with the ‘promise’ of financial gain*” (p.48-49).

Research Design and Sample Profile

This research aims to identify the small firm owner-managers individual perspectives on sustainability in their business and how these perspectives translate into practice. Instead of presenting small firm owner managers with a definition of sustainability and exploring the extent to which their definitions and practices match our chosen definition, we are interested to understand sustainability from the perspective of small firm owner-managers in the context of their business.

To this end, a small scale study was designed based on intensive, semi structured interviews with small firm owner-managers. This context conforms to a situation where the aim is to explore “*formation-rich cases*” and to “*learn a great deal about issues of central importance to the purpose of the research*” (Patton 1990, p.169). To this end, interviews covered four areas of discussion.

- A profile of the firms (size, ownership, overall business strategy) and a sociodemographic profiles of the owner-manager.
- The owner-managers understanding of sustainability in the context of their business as well as in their private lives.
- The firms’ current sustainability practices in relation to the environment, their community and their employees.
- The process through which the firms had commenced and developed its sustainability practices, particular learning experiences and their engagement with public and private sector agencies that support sustainability.

The sample for this study was selected purposefully to include enterprises with different levels of understanding of sustainability and a range of practices. To compile the sample, firms were screened through an initial telephone interview and their

cooperation sought for a face-to-face interview where the enterprise met the sample targets. Interviews averaged one hour duration. They were recorded with the resulting interview transcript shared with the interviewee to give opportunity to amend and augment the initial responses. This approach followed the guidelines provided by Massey University Human Ethics Committee with approved the way in which the team planned to select the interviewees and collect and store the data.

The sample covered manufacturing firms, service providers as well as small agricultural producers based in urban and rural locations throughout New Zealand. All firms were characterised by being small in size (fewer than 50 employees), independent and owner-managed. In New Zealand, as in other countries, 99 percent of businesses are SMEs, making these a significant proportion of the business population. But unlike other countries, the New Zealand SME sector is dominated by very small firms. 68 percent have no employees and 89 percent of New Zealand businesses employ fewer than five staff (Ministry of Economic Development 2008). This is significant when considering the way in which the owner-managers operate their firms.

A total of 50 enterprises were included in the study. 29 were micro in size employing zero to five staff and 21 were small in size employing six to 49 staff. On average the firms employed eight staff with an annual turnover of NZD 1.1 million (USD 620,000). With regard to industry sector, 24 of the firms (48%) were service providers, 19 manufacturers (38%) and seven agricultural producers (14%). The majority of the firms were limited liability companies (41) with a minority being sole traders (six) and partnerships (three). Almost one third (14) of the firms described themselves as family firms.

The present discussion focuses on understanding what sustainability means to small firm owner-managers and explaining how these definitions translate into practice. From this analysis implications are drawn for policy makers who aim to engage more small firms in sustainable business practices. We analysed the data using Spence and Rutherford's (2001) four ethical frames developed in relation to the social and ethical orientation of small firm owner-managers. Spence and Rutherford's (2001) focus is on the social context of business, rather than on sustainability specifically. However, there is clearly a thematic overlap making it a suitable framework for our analysis. For example, Spence and Rutherford (2001, p.131) define the social context of business as "*activities which are not directly related to the commercial success of the business...they include things such as giving time or money from the business to charity, involvement with local schools or community groups, offering work experience opportunities, or contributing to caring for the environment. Each of these things has positive, non-pecuniary effects beyond the boundaries of the commercial operation of the business*". This definition of the social context of business is closely related to the broader definitions of corporate sustainability encompassing social and environmental dimensions of business, in addition to economic considerations.

In Spence and Rutherford's (2001) typology two dimensions are combined to produce four frames (see Figure 1). These dimensions are the owner-managers perspective on profit – profit maximising versus profit satisficing – and the level of social activities – inactive versus active. The combination of these two dimensions results in the following four ethical frames:

- Profit maximisation: owner-managers are driven primarily by money and see financial objectives overcoming social motivations

- Subsistence priority: motivated by ensuring the long-term survival of their business to secure their livelihood and standard of living, short-term financial gain is not a key priority, neither are social objectives
- Enlightened self-interest: owner-managers are pursuing social objectives because they expect a long-term financial gain for their business, owner-managers are not necessarily motivated by good will
- Social priority: social values and actions have priority over maximising profit and are integrated into business practise as a long-term choice of lifestyle.

Perspective		
Practices	<i>Profit maximisation</i>	<i>Profit satisficing</i>
<i>Socially inactive</i>	1. Profit maximisation	2. Subsistence priority
<i>Socially active</i>	3. Enlightened self-interest	4. Social priority

Figure 1: Ethical frames of small firm owner-managers (Spence and Rutherford, 2001, p.131)

SME Owner-managers Definitions of Corporate Sustainability

In line with Spence and Rutherford’s (2001) study we decided not to assign individual owner-managers to one of these framed positions for the following reasons. Owner-managers often presented more than one frame when discussing the issues. It wasn’t necessarily the case that any one owner-manager would consistently adopt the same frame - some owner-managers shifted from one frame to another through the course of the interview. As Spence and Rutherford argue “*frame analysis helps demonstrate the possible perspectives that an owner-manager might possess, not just the categories of owner-managers in a fixed typology*” (2001, p.143). The following section describes the typical perspectives associated with the frame represented in each quadrant and provides transcript evidence to illustrate the various frames.

1. Profit Maximisation Priority or “It’s About Making Money”

Although some economists and policy makers expect businesses to grow and business owners to strive for higher profits, a large portion of small firms is unlikely to meet this expectation. Results showed that only a few of the interviewed small firm owner-managers expressed a profit maximisation priority. With regard to their understanding of corporate sustainability four perspectives emerged from the data:

- **Sustainability as not being on the radar or given very low priority**

Some of the owner-managers have never thought about sustainability in the context of their business, other than in financial terms.

This is an education for me now because I’ve never sat and really thought about sustainability in terms of my business (#36, service provider, 10 employees)

- Sustainability objectives and profit motives as being opposed; sustainability goals and making profit are seen as mutually exclusive.

Sometimes owner-manager decisions to implement sustainability practices were contrasted with what were perceived as trade-offs to making profit. While there is an awareness of at least the environmental dimension of sustainability, in the business context financial priorities outweigh sustainability concerns.

You're constantly making choices about what to do with your time and if I were to spend a morning thinking or finding a way to deal with some sort of sustainability issues, like what we do with our waste, then that's an opportunity cost to the business, time, income, yeah. [...] We find increasing pressure on our time available to earn, so sustainability just becomes one of those things that our conscience and professional ethics tell us we should be doing better at but at the end of the day we also have to make stark choices about what we do on a daily basis. (#21, service provider, 21 employees)

- **Sustainability does not save costs**

Again respondents showed awareness of sustainability issues, particularly in terms of environmental practices, but could not see how it could add benefit to their business. While this example seems to be closely related to the previous one the key distinction is between whether respondents argue from a business growth perspective or from a cost saving perspective. It can be seen as two sides of the same coin. Owner-managers of very small firms raised concerns about the cost saving potential of sustainable business practices. There is clearly a perception that the implementation cost would outweigh the savings.

We had growth every year, profit growth, margins were growing, turnover was growing. [...] I don't think we could actually save an awful lot of cash or operational costs, it would cost us more to shag around to remember to do it you know, more than what it's worth (#28, manufacturer, 14 employees)

- **Sustainability as compliance driven**

Some respondents mentioned sustainable business practices, but they were likely to be within the limits of regulation. The focus was clearly on environmental practices and they were seen more as a duty and obligation.

There's a raft of things coming up in the future and there's also stuff which we address now, and some issues are efficient disposal of tyres is a good example, waste oil, engine coolants and what we call dirty water... And in the future there's going to be more things like washing cars, soaps, detergents going down the stormwater, clean air, we have a ventilation system in the workshop now, but that would be in the future it's going to be monitored. Noise pollution too. (#18, manufacturer, 17 employees)

2. Subsistence Priority or "It's About Keeping the Business Running"

Within our sample the subsistence priority was a frequently encountered one. Owner-managers are placing importance on the long-term survival of the business to secure the livelihood of themselves, their families and employees. With regard to corporate sustainability three perspectives emerged from the data:

- **Sustainability as economic viability**

Respondents described sustainability in terms of the survival and long-term continuation of their business. Economic viability is a necessity to secure income for themselves and their families and to ensure their standard of living and in many cases their retirement.

In a business sense, being able to generate enough work continuously to make the business operate profitably. That's really it in a nutshell (#18, manufacturer, 7 employees).

Oh I've got to make money. I have to make money while it's in operation, in such a way that it's saleable. And then all your sustainability comes under that (#3, service provider, 1 employee).

- **Sustainability as balancing private and business life**

Some owner-managers explained sustainability in terms of balancing private and business life. They felt that focusing on maximising profit would compromise their lifestyle. Hence, they showed limited ambitions to grow their business beyond the point where it would negatively impact on their lifestyle for which the owner-managers have set up their businesses.

While our goal is to try, we all enjoy what we're doing and still have a life out of it as well, you know, we don't want to be just straight work, work, work, work, work. We have to live) [...] Having enough money left over at the end of the month to pay the bills and live (#9, manufacturer, 2 employees) .

- **Sustainability as perceived responsibility towards employees and services for customers**

The owner-managers' understanding of sustainability was most frequently translated into a responsibility to ensure long-term employment for employees.

Well our first goal is to actually sustain the company which means we need to make a profit to be able to provide ongoing employment for staff (#25, manufacturer, 25 employees).

The responsibility not only extends to employees, but also includes ensuring service for customers, as this respondent explains:

The ability to be able to continue having a sound, profitable and happy client base and also staff. It's a central part of my business in that both my clients and my staff need to be able to see a continuation of the level of business or work that they choose to be involved in (#29, service provider, 6 employees).

3. Enlightened self-interest or "It's a Business Opportunity"

Owner-managers within this frame are profit driven and corporate sustainability is seen as a business practices that positively affects their bottom line in the long-term. Corporate sustainability is mainly pursued because it is perceived as adding value to the business. Within this frame, personal values and beliefs often co-exist with financial drivers. Three perspectives on sustainability emerged from the data:

- **Sustainability as an opportunity for business innovation**

Some respondents see sustainability as a business opportunity in the way that it provides a different view on the business with the possibility to be innovative and create new products.

That's what I like about this sustainable business; it's about looking at things differently and looking for opportunities. [...] It's not rocket science, but hopefully we can get a product out there first and get some traction in the market and some supply chains (#19, manufacturer, 2 employees).

- Sustainability as a marketing tool and to create a good public reputation

Some owner-managers describe sustainability as a mean for better marketing their products or building up a good reputation and thus adding value to the business. In the following example, the owner-manager comments on the marketing potential for the business of demonstrating a concern for environmental issues to customers. However, the respondent makes it clear that it is not just green washing, but actually reflects their business practices.

People in general are becoming aware of the environment and pollution and environmental impact, there's a lot of talk about the carbon footprint. So that's something that we will definitely look at and if there's an advantage in marketing our business, saying that we are looking after these things, looking after the environment, even though it's just part of our normal daily routine, if we make customers aware of it, it may be good (#18, manufacturer, 7 employees).

The following quote comes from an owner-manager of a small winery that recently joined a sustainable business network to explore possibilities of how to use sustainability for marketing purposes.

Again, being a business, everything comes back to financial and so marketing, you don't do anything that's going to destroy markets, so we see it as possibly being beneficial but we haven't placed a lot of weight on it (#11, agricultural producer, 9 employees).

The following quote is an example of an owner-manager who balances personal values and beliefs with business priorities.

It definitely adds value because I think it shows people that you care. I think it shows people that you are really aware of the environment around you and not just a business that is out to make money and not give back and that's probably the biggest part of sustainability to me (#12, service provider, 4 employees).

- Sustainability driven by pressures from supply chain companies

Sometimes owner-managers were influenced by suppliers in relation to general environmental awareness or the adoption of environmental-friendly practices for compliance to be considered as suppliers for other organisations.

We have our Industry Association conference every year, and I think most of it is about sustainability. 50% at least would be devoted to sustainability, learning how our suppliers look at sustainability and what impetus it gives to our market. What's our competition? Are we as clean and green as we think? All that (#23, manufacturer, 12 employees).

4. Social Priority or “It’s a Lifestyle”

Within this frame corporate sustainability has priority. This frame is characterised by a number of perspectives ranging from applying a triple bottom line approach and balancing environmental and social concerns with economic concerns to sacrificing business profitability for the pursuit of holistic sustainability principles.

- **Sustainability as ‘triple bottom line approach’**

A number of respondents referred to taking a ‘triple bottom line’ approach to business aiming to achieve financial performance by simultaneously achieving environmental and social performance.

You know triple bottom line and I think that in actual fact that for us does describe it quite well, plus it’s to try and do things better environmentally and also to be a good ethical and moral business to deal with. But overriding all of that we need to still have the ability to make a profit and make money, that’s why you’re in business. You just try to take into account those things and endeavour to make a profitable business (#19, manufacturer, 2 employees).

One respondent used the imagery of a Rubik’s cube to explain the interconnected and complementary nature of environmental, social, and economic dimensions of sustainability:

I think it’s a somewhat overdone term, sustainability, but I think there’s obviously social sustainability and then the environment and underpinning all of that is our financial sustainability. So I mean but we actually see that as interlinked, I sort of think about it almost like a Rubik’s cube aspect to things. (#22, service provider, 10 employees)

- **Sustainability as integrated part of life**

A number of respondents saw sustainability not simply as a business approach but as an integral part of their life.

The only way for the future. I guess it’s a lifestyle and it’s our lifestyle. I’d rather have slow growth and do it sustainably (#4, agricultural producer, no employees).

These owner-managers are driven by personal values, religious beliefs or family upbringing.

Because I’ve always been that way, so regardless of trends it’s always been on the radar. [...] It’s like most small businesses; they evolve out of the beliefs of the person who starts them up, the key driver. [...] I think it’s how you’re brought up. I can probably attribute a lot to my mother, my mother having been a child of the depression, everything was about saving (#8, service provider, 5 employees).

In the following quote the respondent describes his understanding of sustainability in the context of religious beliefs.

Look I’m a Christian and it’s what I believe, it’s what I’m suppose to do and even if I see someone in need I’m supposed to help within reason (#36, service provider, 10 employees).

- **“Beyond sustainability” - Holistic view of the role of business within society**

Sustainability was described in a holistic sense, seeing the business as part of a wider community where businesses support each other. This respondent describes her business as a community space for people to gather:

We came up from the Wakefield market and there is a community that has formed from that market and we are still part of that community. We help each other to do things and so this is a community and we support each other. [...] Also, as a business, we saw our store as a community space and always

opened it up to people, sometimes for art exhibitions or we would have lunches and it was about gathering community, our community together (#35, service provider, 20 employees).

In the next example the owner-manager takes this perspective even further and suggests rejecting the label ‘sustainability’ as it does not reach far enough. Instead of focusing on conserving resources for future generations the respondent expressed a desire for society to focus on what we can create that is beneficial for future generations. These views of sustainability are more about questioning the assumptions underpinning our economic system and challenging common business practices.

I hate the word sustainability and I've banned it from my workplace. I think we should be operating beyond sustainability, actually a much more generative space of not just what do we leave behind but what are we actually creating, how can we actually hand this on to future generations. Sustainability to me has sort of a status quo attached to it and to me that's not good enough. [...] I think that we're operating in a very consumerist market which creates a whole lot of drivers for working that may not be healthy for us. Those sorts of very propositions and those assumptions need to be challenged. Which sounds incredibly socialist or radical but I actually believe that there is a crumbling of the way that we've been in civilisation and that what will emerge from that is something well beyond sustainability, it will be a revolution in the way we think about why we work, what we're producing and how we're living (#17, service provider, 1 employee).

One Size Does Not Fit All

This paper has used Spence and Rutherford's (2001) four ethical frames to examine how small business owner-managers define sustainability in the context of their firm and explore how they put these understandings into practice. As previously emphasised it would be difficult to assign each of the owner-managers to just one of these framed positions. Interviewees often presented more than one frame when discussing the issues relating to sustainability. As Spence and Rutherford (2001) argue “*frame analysis should be seen as a dynamic representation of ways of understanding a particular experience, not a static tool*” (p.134). Frame analysis in this study allowed for the potential of multiple frames being evident in a single owner-manager's understanding and experience of sustainability.

This research focuses on the influence that the owner-manager has on the small firm as a key difference between small and large firms. Owner-managers were not given any predetermined definitions of sustainability as a key aim of this research was to understand how owner-managers themselves explain and describe what they are doing with regards to sustainability.

The research demonstrates a diversity of views and ways that owner-managers define sustainability in the small firm context. As with Spence and Rutherford's study (2001) the least common frames presented in this research were the profit-maximisation priority frame and the enlightened self-interest frame. The most commonly presented frames were the subsistence priority and the social priority frame perspectives.

It is perhaps not surprising in this study that the enlightened self-interest frame did not feature prominently. The enlightened self-interest frame, emphasising perceived links between sustainability performance and long-term business value, particularly around issues such as risk management, reputational capital and consumer pressure, is a

perspective more allied with large firms (Jenkins 2004). For example, Jenkins (2004) argues that as SMEs often don't sell directly to the public they are much less susceptible to consumer pressure and damage to public reputation. In addition, SMEs do not always have a brand or image that needs marketing in a specific way.

The subsistence priority frame was commonly presented in this study. Many small firm owner-managers defined sustainability primarily in terms of long-term financial viability with greater emphasis put on generating a satisfactory standard of living than being entrepreneurial or exceptionally wealthy. The financial survival of the business was prioritised over any broader environmental or social concerns.

The social priority frame perspectives, putting broader social and environmental concerns to the forefront, were common in this study. However, in contrast perhaps to Spence and Rutherford's study (2001) we found that the social priority frame encompassed a broad spectrum of views. Views within this frame centred on the idea that sustainability values and actions, expressed in environmental, social and economic terms, were integrated into the business life and to varying degrees took priority over financial considerations. However, a multiplicity of views was expressed around this central idea. Some owner-managers expressed views on sustainability in terms of what Marrewijk (2003) describes as "*caring corporate sustainability*" view – corporate sustainability consists of balancing economic, social and ecological concerns, all of which are important in themselves. This goes beyond profit considerations and is motivated by "*human potential, social responsibility and care for the plant*" (Marrewijk, 2003, p.102). Other owner-managers in this study went beyond a 'caring corporate sustainability' view to embrace what Marrewijk (2003, p.102) describes as a more "*synergistic corporate sustainability*" view - a search for well-balanced, functional solutions creating value in the economic, social and ecological realms of business performance. The motivation for corporate sustainability is that sustainability is important in itself. Furthermore, a few owner-managers talked more in terms of "*holistic corporate sustainability*" (Marrewijk, 2003, p.103) suggesting that sustainability is the only alternative given the mutual interdependence of all beings and non-human species.

Instead of a "one size fits all" definition of sustainability this research reveals a multiplicity of understandings of sustainability by owner-managers within the SME context.

Concluding remarks

The role of SMEs in corporate sustainability has attracted increasing attention in recent years with much of the evidence pointing to the low number of SMEs that are taking up sustainability programmes and the difficulties to engage SMEs in the sustainable business debate. Attempt have been made to critically review definitions of and approaches to corporate sustainability suggesting that these are not relevant to SMEs and do not fit their needs. However, to date no comprehensive theory on sustainability in SMEs has emerged. In this context, the focus of this paper was to understand how small business owner-managers define sustainability and how they put this understanding into practice. The paper started by presenting definitions on corporate sustainability arguing that current definitions are too broad and general to be of relevance to SMEs. Reviewing the specific characteristics of SMEs it is concluded that it might need a number of separate definitions that take into account the heterogeneity of the SME sector as well as the characteristics of the owner-manager. Spence and Rutherford's (2001) four ethical frames guided the qualitative

study of 50 SME owner-managers allowing to explore the diversity of perspectives on sustainability and move beyond the notion of SME owner-manager being reluctant to engage in sustainable business practices.

The paper has made a number of contributions. The first contribution at the theoretical level is to provide a diversity of perspectives on sustainability within the SME context. Because of the exploratory nature of this research it is not possible to develop a comprehensive SME definition of sustainability, but this research provides considerable contribution to the development of such a definition. We have encountered excellent examples of sustainability, but because these activities are mostly small in scale and not labelled as “sustainability”, they tend to be unrecognised. Allowing to undertake research from the perspective of the SME owner-managers offered valuable insights. A second important contribution of this paper is practical in nature, highlighting the need to focus more on the personal values, beliefs and drivers of small firm owner/managers to leverage corporate sustainability more successfully in the context of SMEs. There is a large body of evidence that small firms are operating differently compared to large firms. While these differences and ‘peculiarities’ are acknowledged, they are not always taken into account when developing SME theories and designing practices and policies. Following from the results it is suggested that taking into account the owner-managers values, beliefs and most importantly their motivations of doing business might help to understand why emphasising the business case for sustainability might be contra productive within the SME sector. The reasons for being in business are far more complex than purely economic reasons.

While this paper has provided useful insights into sustainability in the context of SMEs, this exploratory research admittedly has some limitations. The findings are based on research in a single country with SMEs that are, compared with SMEs internationally, very small in size. Further, the qualitative nature of the research does not provide insights into the frequencies of the different perspectives presented or how they relate to characteristics of the business environment like sector for example. The paper nevertheless raises some important questions that might be worth addressing to assist with the design and implementation of SME programmes and policies in relation to sustainability. These focus around the questions how the psychological characteristics of SME owner-managers can be leveraged to promote sustainable business practices within SMEs. More importantly, from a developmental perspective the dynamics need to be identified, how owner-managers adopt different frames and how they shift between frames.

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