

Current stage of Sustainability's pillars integration and how to encourage SMEs to adapt sustainable approach in their business practices

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ABSTRACT: *Sustainability continues to be observed as a niche area of development, and is measured by many to identical with environmentalism. At global stage environment and development issues have not been efficiently to integrate with one another to continue to be address practically distinct tracks. The main concept of sustainability has been often been portrayed as intersection of social, economic and ecological interest and initiatives. Therefore, many approaches to sustainability oriented assessments at project as well as strategic level have started by addressing the social, economic and ecological concerns separately and have been challenged and struggled with how to integrated the separate findings as one to produce framework to cover all three aspects. This paper aims to examine how sustainability has been interpreted, applied and integrated and what are the opportunity costs and gains are embedded in sustainable development to encourage SMEs to adapt sustainable practices*

Keywords: Sustainability, SMEs, Sustainability Development

Sustainability is broadly defined as meeting the needs of the present generation without compromising the ability of future generations to meet their own needs. The term “sustainability,” when applied institutionally within a university, is the development of a process or management system that helps to create a vibrant campus economy and high quality of life while respecting the need to sustain natural resources and protect the environment. But United Nations (1997) definition of sustainability seemed to be largely acceptable where the sustainability was defined as that which “meets the needs of the present without compromising the ability of the future generations to meet their own goals”. Taylor (2008) believes that the aspect of sustainability in its wide applications. Adams (2005) in his critic of UN definition, argued that it is often difficult to determine the future needs people in the next generation that might be different than the needs of people of present. He continued that the way developed countries view the concept of needs, is utterly different from interpretation of that from developing countries.

Historical Review of Sustainability

The sustainable term was first introduced into political language by the club of Rome, an international association of scientist, business executives and public officials with scholars. This was suggested in “The limits to growth” report that was published in 1972. The report argues the idea of growth which disparity the present with past and examines at future as continuous possibility for further growth and enhancement since the idea failed to acknowledge that resources are limited, hence growth based on resources cannot be immeasurable. During 1980s the political importance of the environment declined. In the following Munn (1991) delivers a number of potential reasons for this including economic recession in the mid-1970s caused a loss job opportunities for ecological students, the sectorial nature of government meant that the environmental concerns were not fully integrated into economic planning system. The absent of public awareness had led to a decline in the perceived importance of that which had culminated in the Stockholm conference.

The next major event in the history of the term sustainable development was the world Conversation Strategy organized by the UNEP in mid 1980s, which acknowledged the need for long term explanation and integration of the environmental and development objectives. It is first strategy that used the terminology “development that is sustainable”. The strategy stated that “this is kind of development that provides real improvements in the quality of human life and at same time conserves the energy and diversity of the earth. The goal is development that will be sustainable. Today it may seem visionary but it is attainable. To more and more

people it also appears our only rational option”. World Conservation Strategy, IUCN, UNEP and WWF (1980). In 1987, the Brundtland Commission which gave rise to Rio summit had defined sustainability as a “development that meets the needs of the present without compromising the ability of future generations to meet their own needs (UN, 1987). Lazarrus (1988) stated that the problems with this strategy was it dealt particularly with conservation and did not provide a complete view of what we now understand as sustainability. The complete view of sustainability was realized few years later in the Brundtland Report. This report had drawn on the conclusion from 1984 International Conference in London on environment and economics which stated that the environment and economics should be mutually supporting.

The next major event in development of an understanding of sustainability was the 1992 Rio Earth Summit on the environment and development. This summit moved the concept of sustainable development forward in a number of ways. In the run up to summit Agenda 21 was arranged as a blueprint for sustainable development in the world. Inspired by the Brundtland report described as a strategy that shared the three dimensions of social, economic and environment with action at all levels of Governance. Principle 4 of the Rio Declaration represents this strategy by stating that “in order to achieve sustainable development, environmental protection shall create an integrate part of the development process and cannot be considered in isolation from it”. One of the main results of the Rio Summit for both developed and developing countries was that it helped to produce its first sustainable development strategy in 1994 building from its 1990 environment to include all three dimension of society, economic and environment as it planned in agenda 21. As part of this strategy economic development and sustainability. Frameworks were established for sectors include transport and economic activities. The aim of sustainable framework was:

- To strike right balance between ability of transport to serve economic development and the ability to protect environment and sustain future quality of life
- To provide for the economic and social needs for access with less need for travel
- To take measure which reduce the environmental impact of transport and influence the rate of traffic growth
- To ensure users pay the full social and environmental cost of their transport decisions, so improving the overall efficiency of those decisions for the economy as a whole and brining environmental benefits. The message gave rise to global recognition for need by governments and large organizations to transmit international and national policies to confirm that all economic decisions fully take into account any environmental impact. Prior to the 1987 Brundtland report and 1992 Earth conference in Rio de Janeiro, there have been controversial debates between

campaigners supporting for more economic growth and those for sustainability development for environment and its society. Mordak (1984) among the campaigners in his report argued that if sustainability meant for considerably reducing the consumption of natural resources and industrial activities then this will consequently slow down economic growth. In other hand, Jonas (1986) stated the earth is being depleted of its natural resources at an alarming rate and left in return with pollution and environmental poverty and degradation if it not properly being checked, it will result into misfortune in the future. 1987 Brundtland report and 1992 Earth Summit report was a measure by the UN to create a political concession between the two groups. Both groups supported for a balance to be reached hence its choice term “Sustainable Development” which it defined as that which meets the needs of the present without compromising the ability of the future generation to meet their own goals.

Three Pillars of Sustainability

Sustainability has been a buzzword for well over a decade. In the late 1990’s, John Elkington (1997) created the phrase triple bottom line as a method for measuring sustainability. The most frequently seen factors used in performance measurement are: **Economic**, **Environmental**, and **Social** (Wang & Lin, 2007). Today, a basic research returns over three million web pages with the notion TBL, up to 54,200 web pages in 2004 (Norman & MacDonal, 2004). In essence, TBL is another concept that expresses the development of environmental agenda in a way that integrates the economic and social lines.

Economic Line of Sustainability

The Economic line of TBL framework refers to the impact of the organization’s business practices on the economic system (Elkington, 1997). It relates to capability of the economy as one of the subsystems of the sustainability to survive and evolve into the future in order to support future generations (Spangenberg, 2005). The economic line ties the progress of the organization to growth of the economy and how well it pays to support it. In other words, it focuses on the economic value provided by organization to the surrounding system in a way that succeeds it and promotes for its competence to support future generation (Grimm, 2003). The research on the economic sustainability is the theoretical dimension similar to the research on ecological sustainable development, which means more hands on concept that build on development theory and theories from economics that show how cities, regions or states can create sustainable economic development and economic progress (Basiago,2004).But the difference between ecological and economic sustainability is that the theoretical approaches in economic sustainability are

grounded on more general concepts model and views than ecological sustainability. The term economic sustainability can be defined as economic growth and economic progress (Blewit, 2004). Although Munier (2005) says “Economic growth does not necessarily mean a better living”.

Murnier further continues by stating that economic sustainable development is growth that puts the profit into action in order to create a more sustainable society, such as greater wages, ecological modernization, more effective technologies and so on. But the economic growth or progress must be sustainable also for future generations, so that also those can experience work and economic progress (Ekins et al. 2007). There are theoretical models that try to combine the different aspects of sustainability, from an economic point of view. One of those models is the four-capital-model, which helps to evaluate if regions or cities develop in a sustainable way. This model comes from economics and builds on social, manufactured, human and natural capital. The analysis builds on the flows of benefits, which are generated by the different capitals (Ekins et al. 2008). This means in linking to sustainable development: 12 “Meeting human needs and increasing quality of life (through consumption, satisfying work, good health, rewarding personal relationships and well-functioning social institutions, and the full range of environmental goods and services) may be regarded as resulting from the flows delivered by the capital stocks. Doing so sustainably requires that these capital stocks are maintained or increased over time.” (Ekins et al. 2008).

Social Line of Sustainability

The social line of TBL refers to conducting beneficial and fair business practices to labor, human capital and to the community (Elkington,1997). Elkington says the idea is that these practices provide value to the society and give back to community. Example of these practices may include fair wages and providing health care. The social performance concentrates on the communication between community and the organization and address matters related to community involvement, employees’ relation and fair incomes (Goel, 2010). Social sustainability is less represented in the hands-on literature about sustainable development, but more frequent in vital discussion about social problems in general, in urban and regional contexts and in the ideological perspectives (Partridge, 2005). The literature about the other two dimensions of sustainability is more practical and less critical about the growth of societies. Moreover, the economic and environmental aspect of sustainability is more policy oriented than social aspects (Henriquez, 2007). Social responsibilities is often related to problems such as poverty, social exclusion and unemployment , inequalities and the like for present but also for future generation (Ekins, 2008). Taylor (2007) states social sustainability can on a general

level be seen as “a system of social organization that eases poverty. The researchers in the sustainability field have not adequately acknowledged the social aspects, just like social scientists have not acknowledged the concept of sustainability in their work on social problems (Nightingale, 2006). This issue appears also because of there is absence of understanding between social and natural scientists, but also between social sciences (Nightingale, 2006). Nonetheless it seems that the overall objective for social sustainability is social justice in one way or other

Environmental Line of Sustainability

The environmental line refers to engaging in practices that do not compromise the environmental resources for future generation. It relates to the efficient use of energy resources, reducing greenhouse gas emissions and minimizing the ecological footprint and etc. (Goel, 2010). Identical to the social aspect of TBL, environmental initiatives impact business sustainability of the organizations. Environmental sustainability, often also called ecological sustainability in an urban context often means in-field measurements, such as air pollution like in the article “life satisfaction and air quality in London” by MacKerron (2008). Mackerron studies about the industrial metabolism, which means the material flows and transformation caused by different industries. In many articles the term environmental sustainability is not argued, rather it is focused on direct environmental issues and challenges. Xu et al (2008) provides more theoretical view on environmental sustainability in his article “Modeling the carrying capacity of urban ecosystem”. He explains that environmental sustainability through urban ecological system which links economic, social and environmental features to a complex system. It is this system that must be sustainable and in order to obtain that he used the principle of the carrying city where for example means how much pollution a city can carry to develop theoretical can be used in analyzing urban ecological sustainability.

It is also found more radical review about the state of world analysis where however not limited to the effects of for example pollution on humans, rather whole environment into consideration. This would specially reflects to climate change, animal life, the whole flora and fauna, resources, minerals and etc. When It comes to narrow approaches they can be related to market-liberals and Institutionalisms groups, which promote stronger regulations to correct the free market, technological progress and more market oriented solutions to today’s environmental problems

The Conflict in Balancing Sustainable lines

The three aspects of economic development, environment protection and equity and social justice are in instance

conflict to each other but the concept of sustainability brings those conflicts on the table and enforced to work with three aspects and the conflicts between those. The issue rise when three different aspect of sustainability often are being treated separately, which shows to the focus on dimension and excluding the other two. Campbell also explains the main issue in the separation of conflicts especially when it comes to social and environment sustainability. Nature and human beings need to be integrated and balanced not treated as separated entities (foster, 2008) Keil (2010) pointed out that the environment nature and social environment are part of each other cannot be examined and divided. In order to come to reach goal to deal with ecological issues one should also undertake the social issues which Keil sees as a result of the compelling types of 21 the free capitalist western societies. The systematic capitalism as it is nowadays, it indicates the nature capital without any respect and concern of the effects on the environment and social matters especially in the third world countries. The term sustainability or sustainable development has been a driving force when it comes to the connection between social and ecological problems (Eggers, 2007). However, in later stages sustainability has been condensed to the lowest common denominator that resulted in solution which do not really meet the exiting social and ecological issues (Janke, 2013). Moreover, if planners understand the conflict and try to link them like Campbell’s figure demonstrates, sustainability can be a virtuous starting point in urban planning.



Figure 1: Three Fundamental priorities and three resulting conflict (Campbell, 2009)

Urban planning when it comes to sustainability, but shows Campbell’s figure displays the conflicts in also how those are connected to each other. Further, it must also be recognized that the very ambiguity of the term sustainable development and sustainability can be used in order to find applicable solutions fit for situations and urban areas. One can redefine the term in order to support the ecological and social development in a certain region or city for example (Bell and Morse 2011). So it appears that the urban context matters when it comes to sustainability and sustainable development.

Even though they are different view of sustainability which leads to different problems as shown above. Gibbs (2010) stated that most views of sustainability have certain concepts which unite the meaning and that build in one way or the other on those concepts are following below:

- Quality of life (including and linking social, economic and environmental aspects); -
- Care for the environment; -
- Thought for the future and the precautionary principle; -
- Fairness and equity; - participation and partnership (Gibbs 2000):

With these concepts Gibbs pointed out the dimensions can be changed when one is engaging with sustainable development in order to provide clear definition for practical work to contribute to ecological sustainability. Anyhow, it can be view that to obtain sustainability is not easily analyzed. Questions of sustainability are also questions of what extent sustainability can be achieved on organization, national or global platforms. This is linked to the notion that system must be sustainable (Xu et al. 2010). Hence, it is not necessary to have every distinct part to be sustainable as long as the whole system as whole is sustainable. Moreover, it is quite essential to see sustainability can be perceived as if whole should be sustainable, which means everything or only part of its. They are many aspects to this from different perspective and those must be considered at one point or the other. The criticism is not about to have sustainable society, rather about the common use of the terms sustainability in connection with economic theory, environmental strategy or consensus politics. One of the goals with sustainability is to take into consideration of both environmental and social justice. Unfortunately, the issue with today's sustainability is highly influenced by neoliberalism and economic-oriented solutions to many of social and environmental matters (Roseland, 2011). This impact happens due to lack of stronger explanation in the first place by Brundtland commission, which today leaves room for far too many understandings and details

Embedding Sustainability in Small and Medium Sized Enterprises

Developing an approach for SMEs to sustainability business practices, public policy will rely on comprehending the dynamics of such a diverse sector. Unlike large organizations, SMEs needs are extremely varied even within their own sectors as well. For instance, researchers have found that number of employees is one of the most influential factors affecting embedding the concept of sustainability environmental practices by a firm (Gonzalez, 2009). And the profound differences in the employment ranging from 0 to 250 in SME's sectors indicates its complex and varied needs. Hence, any initiatives that focus on connecting SME sector should

not only take into account the difference between large organizations and SMEs, but also the difference between micro, small and medium sized enterprises in this respect. An essential factor in influencing SMEs in sustainability practices and debate will be the role of the owner since most small businesses are both owned and managed by same individual. Compared with larger companies that are progressively more under pressure by many stakeholders to report on their sustainability practices, the owner – manager does not necessary have to respond to stakeholders and a board and hence has more freedom of power to embed the sustainability business practices (Alexopoulou, 2010). For SMEs first initiative step to adapt sustainability in their core business is the owner-manager motivational personality to be more important marketing, strategic or public relation approaches (Jenkins, 2011). In order to engage SMEs in sustainability, owner-managers must have personal values and beliefs which are aligned on sustainability principles (Tilley, 1999). Rationality as well as emotion, vision, and norms or taken-for-granted rules would combine as motives of sustainability at the individual level of analysis

According to Abrahamanson (2010) the most promising high-growth SMEs shows that many high impact entrepreneurs (47%) are inspired by the need to make a difference in the world which this relates with good environmental practices further down the line. Bos (2012) states on the gains that gains those SMEs receive when abiding by sustainable lifestyle and the consequences for not doing so, specifically the consequence of receiving bad image and publicity being seen as unethical to society and environment that has had negative impact on their reputation that in turn possibility resulted in shrinking profit, share value and income loss. He raises the view of idealism where those enterprises consider themselves more than just profit maximizing, and even if not led by idealism, they at the very least would gain public favor by making their affection for people and the planet known. In other hand, those SMEs that are in pursuance of sustainable development or sustainability could set alight internal dynamics for people and production management resulting in bolder investment engagements which that can lead to superior steps in technology and personnel achievements for greater and higher quality returns in their long run. Most mainly those SMEs that offer their service and products to large companies who themselves turn out to be sustainability oriented requires sustainable suppliers. SMEs should be aware and prepared for such proposition and opportunities to avoid risking opportunity loss to other SMEs other SMEs that did in fact pursue the sustainability route to be able to be picked up as supplier, especially when taking the increased costs of undertaking under sustainable means of operation into account and having guaranteed sales and consumption in return. Another benefit to be point out is the associating with

local community and boosting ties with social aspect of sustainability practices something that the increasing trend of large, international companies can have competing with. By getting more bond with local communities, the gain of interpersonal relationships may influence interest in favor of that particular SME instead of the general, corporate-only, non-personal reputation of the larger companies, something that they will have much struggle in competing with. positive image and reputation added from these practices, lesser dependence on fading resources, more efficient production due to superior technologies and staff skill, higher quality of risk control to especially avoid situations like environmental debacles, labor differences and the like, less to deal with if government makes a turn for more social and environmental obligation improvements and a better motivational source for current employees to enjoy their work environment - plus incentive for new employees to join the company (Hilton, 2011).

With all gains, yet there will also be challenges and struggle that SMEs face that Kruger (2011) brought into debate. Aside from the many of SMEs that picked up eco-efficient practices, not even making a notable impact in comparison to the millions that had yet to implement them in Europe. Even lesser than that were aware of such concept of sustainable manufacturing and operating process. Luckily, this is not the case in recent years with how much awareness has been raised on ecological warfare and being discussed regularly on global scale. However, a few of issues that Kruger stated still exist and plague SMEs, particularly those with micro size. With the technology and more sustainable-minded instruction and principles of today, most of those points have been considerably condensed in terms of hazards, such as lack of external communication or lack of awareness of tools and techniques. However, there are still areas where these SMEs can lack in, such as resources in the sense of time and money, capabilities in the sense of skills and knowledge, hands-on personal involvement with customers and flexibility in change of direction. (Hilton, 2009).

All in all, SMEs' almost total occupation of market operation indicates they are at head of the pack for today's hope for innovation combined with monetary and reputational gains to sustainability which it is a worldwide course to take on in the face of the challenges that SME tend to struggle with. The main key to this is to maintain the opportunity-seeking ability business practices while still upholding the social, economic and environment features of all fronts (Schaper, 2010).

Conclusion

Having reached this point, the reader may feel we have been not be able to solve the practical problem of how to measure sustainability. Indeed we have target more at

understanding the theoretic sources for defining sustainability than providing a practical manual for measuring it. Since sustainability is a topic of both policy assessment and scientific study, its definition must be suitable for both fields of work

There is currently a research gam and limited studies on concept of sustainability and its dimensions (social, economic and environment) and it can be integrated with core business practices by SMEs (Bellon, 2011). There have been very narrow researches conducted to understand the sustainability from social or environment perspectives and how they can be compromised and connected in business approaches particularly by SMEs as as most of the research on sustainability in business efforts to paint an overall picture of issues for large multinational enterprises (MNEs), failing to recognize issues related to SMEs (Belloni, 2011). Chan (2014) argues that further studies need to be conducted in this field to acquire insight knowledge and better understanding on sustainability and how SME can implement more sustainable business practices.

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