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Title   Examining the factors affecting U.K.
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         enterprises' corporate sustainability behaviour

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EXAMINING THE FACTORS AFFECTING U.K MANUFACTURING SMALL AND MEDIUM SIZED ENTERPRISES' CORPORATE SUSTAINABILITY BEHAVIOUR

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EXAMINING THE FACTORS AFFECTING U.K MAUFACTURING SMALL AND MEDIUM SIZED

ENTERPRISES' CORPORATE SUSTAINABILITY BEHAVIOUR

by

GBEMISOLA ARAMIDE OYEDEPO

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Abstract

This study explores the factors that affect the corporate sustainability behaviour of UK manufacturing small and medium sized enterprises (SMEs). To date, SMEs have been reported as being generally reluctant to engage in corporate sustainability activities. However, due to their significant negative environmental impacts, volume, and the contributions they make to economic growth and stability, no meaningful progress can be made towards corporate sustainability without SMEs' involvement. As extant literature has focused more on the corporate sustainability activities of large or multinational companies with limited focus on SMEs, this study contributes to addressing this gap by adopting an SME perspective to exploring the factors affecting their corporate sustainability behaviour.

The study was conducted as a qualitative study and data was collected through semi-structured interviews with a total of forty SME owner-managers from manufacturing companies in the South-East region of the UK and a focus group conducted with an additional twelve SME owner-managers from the same sector and region. Based on the study's findings and an elaboration of the Responsible Environmental Behaviour (REB) framework, a framework for exploring the factors affecting SMEs' corporate sustainability behaviour was developed. This framework suggests that SME Capacity Building in the form of information on corporate sustainability issues as they relate to SMEs, action strategies they can employ for corporate sustainability and transparency of the corporate sustainability business case, as well as Organisational Attitude, Stakeholder Influence and Resource Constraints are the main factors affecting UK manufacturing SMEs' corporate sustainability behaviour.

Academic Thesis: Declaration of Authorship

I, **GBEMISOLA ARAMIDE OYEDEPO** declare that this thesis and the work presented in it are my own and has been generated by me as the result of my own original research.

Examining the Factors Affecting UK Manufacturing Small and Medium Sized Enterprises' Corporate Sustainability Behaviour

I confirm that:

1. This work was done wholly or mainly while in candidature for a research degree at this University;

2. Where any part of this thesis has previously been submitted for a degree or any other qualification at this University or any other institution, this has been clearly stated;

3. Where I have cited the published work of others, this is always clearly attributed;

4. Where I have quoted from the work of others, the source is always given. With the exception of such quotations, this thesis is entirely my own work;

5. I have acknowledged all main sources of help;

6. Where the thesis is based on work done by myself jointly with others, I have made clear exactly what was done by others and what I have contributed myself;

7. Either none of this work has been published before submission, or parts of this work have been published as indicated on [insert page number or heading]:

Name of candidate: **Gbemisola Aramide Oyedepo**   Signature:

Date:

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Research Publications to Date

- Oyedepo, G.A.; Duan, Y.; Bentley, Y; He, Q. (2016) *Analysis of Factors Affecting UK Small and Medium Enterprises' Corporate Sustainability Behavior* – 11th European Conference on Innovation and Entrepreneurship, 15th to 16th September, Jyvaskyla, Finland.

- Oyedepo, G.A.; Duan, Y.; Bentley, Y; He, Q. (2016) *Understanding SMEs' Corporate Sustainability Behaviour - A Responsible Environmental Behaviour Perspective*, paper presented at 61st Annual International Council for Small Business (ICSB) World Conference, 15th - 18th June 2016, New Jersey, USA.

- Oyedepo, G.A.; Duan, Y.; Bentley, Y; He, Q. (2015) *Assessing the Impact of Key Stakeholder on Sustainability Adoption in UK Small and Medium Enterprises*, paper presented at British Academy of Management Conference, 8th - 10th September 2015, Portsmouth, UK.

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1.0 Chapter 1 - Introduction

1.1 Research Background

The aim of this study is to explore the factors that affect the corporate sustainability behaviour of small and medium sized enterprises in the UK manufacturing sector. Corporate sustainability refers to the implementation of sustainability strategies within organisations (Salzmann, Ionescu-Somers & Steger 2005) and the adoption of a sustainability-oriented organisational culture (Linnenluecke & Griffiths 2010). The study focuses on corporate sustainability in manufacturing SMEs as this sector have been identified as generating significant environmental pollution and industrial wastes as a result of their business processes (Williamson et al., 2006; Environment Agency, 2010; Screttle et al., 14; Esfahbodi et al., 2016). In addition, SMEs in this sector have been reported as receiving the second largest amount of fines levied by the Environment Agency on businesses for environmental pollution (Environment Agency, 2010). In the light of the above, SMEs from the manufacturing industry were considered as a prime sample to base this research on.

To date SMEs as a whole have been reported as being unconvinced of the corporate sustainability business case and where they have seemed to appreciate its value, their actions have not matched up to this awareness (Brammer, Hoejmose & Marchant 2012; Cassells & Lewis 2011; Jansson et al. 2015; Revell, Stokes & Chen 2010). This has led to them being described by extant literature as laggards when it comes to being environmentally responsible and difficult to engage in corporate sustainability endeavours (Brammer, Hoejmose & Marchant 2012; Cassells & Lewis 2011; Tomšič, Bojnec & Simčič 2015). The perceived disinclination of SMEs towards corporate sustainability has been attributed to a number of reasons, some of which are their finance constraints, a lack of understanding of

corporate sustainability, ambiguous corporate sustainability business case, the time commitments required for corporate sustainability, limited numbers of employees, unskilled workforce and a general antipathy towards engaging in sustainability as business practice (Christopher & Walter 2010; Lewis, Cassells & Roxas 2014).

Even though from the SMEs' point of view the above mentioned could be considered as 'valid' reasons for an aversion towards corporate sustainability, the realities of corporate sustainability render them inconsequential. Due to the threat of our natural resources being expended by continuous consumption, and thereby negatively impacting the ability of future generations to meet their own needs (Brundtland 1987; Keskin, Diehl & Molenaar 2013), the subject of corporate sustainability is a critical issue that needs to be addressed with the utmost urgency. This requires collective action not just from nations or individuals, but from business organisations as well. Moreover, as SMEs constitute the majority of businesses in the UK, and their negative environmental impacts are reported as significant, therefore their commitment to the sustainability cause is essential for it to become a reality.

1.2   Corporate Sustainability

Sustainability as originally proposed requires that entities act responsibly to ensure that the ability of future generations to meet their own needs is not compromised (Brundtland 1987). As businesses have been recognised as key players in the achievement of sustainability goals (Jansson et al. 2015; Markman et al. 2016; Tsai & Chou 2009), it has become necessary for the concept of sustainability to be adapted to the business context. Therefore, corporate sustainability translates the concept of sustainability as described by the Brundtland report to the organisation and involves integrating sustainability goals,

practices and cognitions into day to day business operations (Lee & Saen 2012; Pagell & Wu 2009). Specifically, it refers to all business activities involved in the generation of economic growth whilst simultaneously protecting the environment and being socially responsible (Tomšič, Bojnec & Simčič 2015).

Since its inception, the subject of corporate sustainability has remained a pressing issue in business, policy and academia (Schrettle et al. 2014). As the interest around corporate sustainability has continued to grow, more and more businesses have come to realise that corporate sustainability is critical to their survival and are therefore making efforts to address this in their daily operations (Ahi & Searcy 2013). In the light of the above, it is evident that the need to act on corporate sustainability cannot be overemphasised and businesses, irrespective of their size and structure play a significant role in this.

1.3   Small and Medium Enterprises

Small and medium sized enterprises (SMEs) are especially important as they constitute the majority of private sector businesses in any nation and represent a significant part of the global economy (Ayyagari, Demirgüç-Kunt & Maksimovic 2011). The European Commission identifies them as businesses having less than 250 employees, independent (maximum 25 percent shareholding) and with an annual turnover of no more than 50 million Euros or annual balance sheet of 43 million Euros (European Commission, 2003). In the UK they are considered to be the lifeblood of the economy (Dobbs & Hamilton 2007; Paul Jones, Choudrie & Culkin 2013) as they represent a significant part of the economy and contribute to its continued growth and stability (Font, Jones & Garay 2014; Russo & Tencati 2009).

Regardless of this, research has shown that as a collective body SMEs inflict considerable negative impacts on the environment by generating substantial amounts of industrial wastes (Brammer, Hoejmose & Marchant 2012; Hillary 2000; Revell, Stokes & Chen 2010; Williamson, Lynch-Wood & Ramsay 2006). However in spite of their potential to exert significant pressures on the environment, SMEs' ability and willingness to manage the environmental impact of their businesses has been highlighted as a point of major concern (Moore & Manring 2009; Williamson, Lynch-Wood & Ramsay 2006). Some prime reasons cited for this include resource constraints (predominantly costs, time and expertise), lack of incentives, lacking understanding of how corporate sustainability relates to the SME, lack of clarity on the benefits of corporate sustainability, and the notion that their environmental impacts if any, are negligible (Howarth & Fredericks 2012; McKeiver & Gadenne 2005; Moore & Manring 2009).

Considering the strategic position SMEs hold with respect to corporate sustainability and achieving the broader goals of sustainability, it is vitally important that every effort be made to effectively engage them in corporate sustainability.

1.4   Rationale for the Study

Majority of previous studies on SMEs and corporate sustainability to date have painted a rather bleak picture of their attitudes towards corporate sustainability. According to Roberts, Lawson & Nicholls (2006), due to the obstacles they face in addressing environmental pressures, engaging with SMEs on business responsibility issues has proven to be notoriously difficult. In addition to obstacles such as lack of specific expertise and low levels of eco-literacy (Cassells & Lewis 2011; Roberts, Lawson & Nicholls 2006), the Stern

Review also reported that SMEs viewed lack of reliable information, transaction costs and behavioural and organisational inertia as significant barriers to their behaviour change (Stern, Britain & Treasury 2006). Consequently, SMEs tend to adopt a more reactive approach to environmental issues instead of a proactive one, and their commitment to making environmental improvements is therefore generally considerably low (Brammer, Hoejmose & Marchant 2012; Cassells & Lewis 2011; Williamson & Lynch-Wood 2001).

Although SMEs in the UK are reported to be responsible for approximately 70% of its industrial wastes (Hillary 2000), their assumption is that the burden of social and environmental accountability should be on larger organisations as SMEs' size makes them unlikely to exhibit environmental and social bad practices that would be worthy of media attention (Cambra-Fierro, Hart & Polo-Redondo 2008a; Howarth & Fredericks 2012). Seeming to validate this perspective, the focus of a number of stakeholders such as government, media, academia and others has for the most part been on the corporate sustainability behaviour of larger organisations and multinational corporations (Gadenne, Kennedy & McKeiver 2009; Gallo & Christensen 2011; Hillary 1995; Russo & Tencati 2009). Furthermore, where SMEs have recognised the importance of corporate sustainability, there has been a significant disparity between this awareness and the actions taken, resulting in what Revell, Stokes & Chen (2010) termed the 'value-action' gap.

In the light of the aforementioned, it appears unlikely that SMEs would voluntarily engage in corporate sustainability. The reality though is that as achieving the overall goal of sustainability is important and essential to the survival of both present and future generations, it is necessary for all entities to make efforts to use the available natural resources responsibly to ensure that they are not exhausted. By virtue of their economic and social significance, volume and environmental impacts, SMEs are central to the

achievement of sustainability in any society. This is particularly true in the UK where they are considered to be the lifeblood of the economy and the principal source of innovation, growth, and stability (Appleyard 2013; Dobbs & Hamilton 2007; Hillary 2000). As such, for there to be any meaningful progress towards sustainability in the UK, it is imperative that SMEs be encouraged to participate in it fully. As Hillary (2000:19) put it, '*… their alienation and isolation from actions on the environment means that sustainability will never be achieved. Change their attitudes towards the environment and we have a chance to achieve sustainable development. Ignore them and we all suffer*'.

Therefore, to contribute to encouraging positive engagement of SMEs in corporate sustainability, this study aims to explore the factors that affect UK manufacturing SMEs' corporate sustainability behaviour. In order to achieve this, it was necessary to understand from the SMEs' perspectives what their current attitudes towards corporate sustainability are, their current sustainability practices (CSP) if any, the factors affecting their CSP, understand reasons for their seeming disinclination towards corporate sustainability, the issues they have with corporate sustainability and subsequently map out factors that could positively affect their corporate sustainability behaviour. Consequently, a qualitative approach was chosen for the research with data being collected through a focus group and semi-structured interviews with SME owner/managers from a cross-section of manufacturing industries in the UK. Employing an abductive approach which resulted in theory elaboration, a framework for identifying the factors affecting UK SMEs' corporate sustainability behaviour was developed. Based on this framework, recommendations are proposed for measures that can be put in place to encourage positive corporate sustainability behaviour in UK manufacturing SMEs.

1.5 Aim and Objectives of the Study

The main aim of this research is to explore from UK SMEs' perspectives, the factors affecting their corporate sustainability behaviour. To achieve this aim, the following objectives were set:

1. ==To explore UK manufacturing SMEs' understanding of corporate sustainability and their current corporate sustainability activities.==
2. ==To determine from UK manufacturing SMEs' perspectives the factors that will affect their improved corporate sustainability behaviour.==
3. ==To propose recommendations for encouraging improved corporate sustainability behaviour in UK manufacturing SMEs.==

1.6 Research Questions

The research questions for the study are detailed as follows:

1. How are UK SMEs currently engaging in corporate sustainability?
2. As understood from UK manufacturing SMEs' perspectives, what are the main factors that will affect their improved corporate sustainability behaviour?

1.7 Overview of Research Methodology and Process

As the aim of this study was to explore the factors affecting UK manufacturing SMEs' corporate sustainability behaviour from their own perspectives, a qualitative strategy was

adopted for this research. Employing a qualitative strategy enables the researcher to view the phenomena being studied from the perspectives of the research participants and is ideal for interpreting their opinions and experiences in specific settings (Bryman & Bell 2015; Denzin & Lincoln 2000a). Based on this description, it was therefore best suited to answering the research questions of this study and meeting its aim and objectives. To this end, qualitative interviewing was the research method employed and data was collected by means of a focus group and individual semi-structured interviews, while data analysis was through thematic qualitative analysis (TQA).

Thematic qualitative analysis is a data analysis process that is described as well suited for use with qualitative data (Boyatzis 1998) and is useful for identifying, analysing and reporting patterns or themes within the data (Braun & Clarke 2006). With the inductive, data-driven approach, identified themes are strongly linked to the data and data is collected specifically for the purpose of the research. As such, the themes derived are not driven by prior theoretical assumptions (Braun & Clarke 2006). Utilising the inductive, data-driven approach for the analysis enabled the themes to emerge directly from the data resulting in a rich description of the data set

The stages involved in the research process are illustrated in figure 1.1 below.
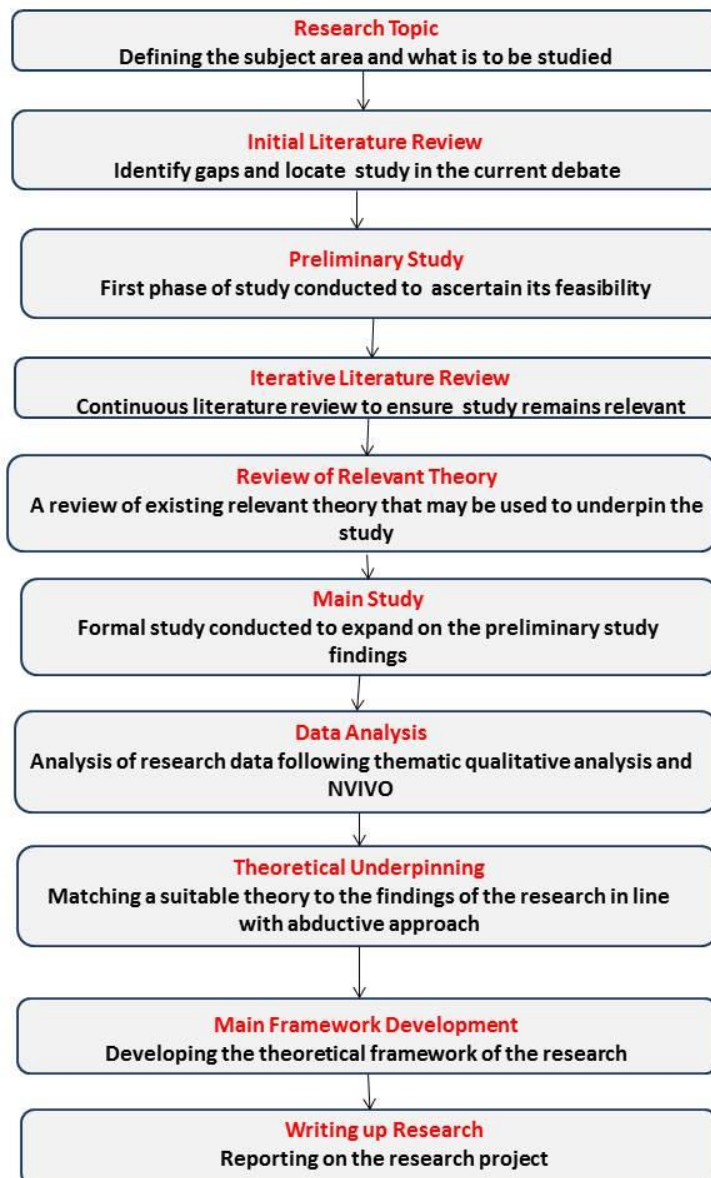
Figure 1.1: Research process followed

The initial stage involved identifying the specific aspect of corporate sustainability to be investigated i.e. the corporate sustainability behaviour of UK manufacturing small and medium sized enterprises, an initial literature review to identify the existent gaps in knowledge and a pilot study to ascertain the feasibility of the research. This was followed by a review of relevant theories that could possibly be used to underpin the research and executing the main study. Data collected was analysed by thematic analysis and the NVIVO software. The results of the analysis were used to develop a theoretical framework for the

factors affecting UK manufacturing SMEs' corporate sustainability behaviour and the process concluded with the research project and its findings being documented in this thesis.

1.8   Originality of Research

This research is original in that it adopts a holistic approach to exploring the concept of corporate sustainability in the SME context, investigating both the environmental and social aspects of their corporate sustainability behaviour. Focusing specifically on the manufacturing sector, it examines the factors affecting these SMEs' corporate sustainability behaviour from the perspectives of their owner/managers'. Furthermore, the theoretical framework developed from the study contributes to bridging the gap between SMEs' recognition of the value of corporate sustainability and the actions that they take towards it and can be used as a basis for developing appropriate policies to encourage their positive corporate sustainability behaviour.

1.9   Structure of the Thesis

This thesis is comprised of seven chapters. Figure 2 illustrates the structure of the thesis and details of each chapter are given subsequently.

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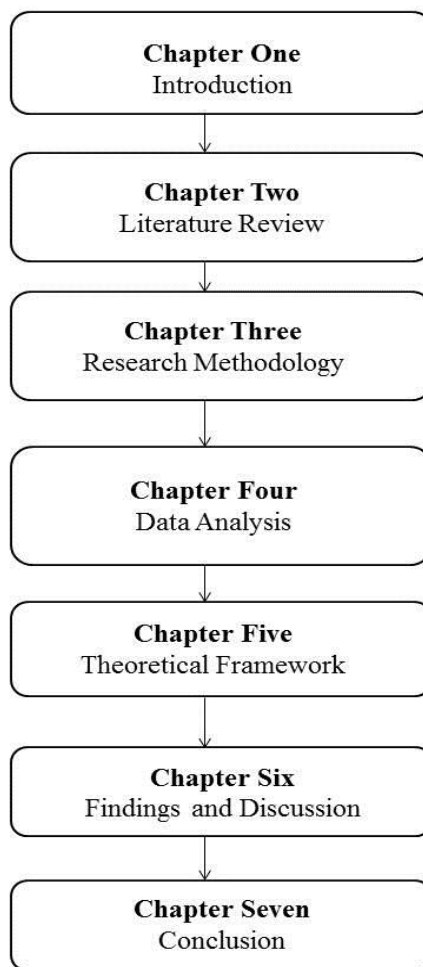
Figure 1.2: Thesis structure

Chapter 1: Introduction – This is the introductory chapter of the thesis and it provides an overview of the entire research. It starts with an overview of the research background, a brief introduction of the study, then goes into the rationale for the study, gaps identified in the literature, aim and objectives of the study, research questions, an overview of the research methodology employed and the research process, the expected contributions of the study and concludes with the thesis structure.

Chapter 2: Literature Review – Chapter two focuses on the literature review as well as the theoretical underpinning utilised for this study. It covers an overview of corporate sustainability, how it relates to the Triple Bottom Line (TBL), a discussion on small and medium sized enterprises, their importance to the corporate sustainability discourse, the current understanding of their corporate sustainability behaviour and as well as a summary of the current discourse on corporate sustainability in SMEs highlighting the prominent factors affecting SME corporate sustainability behaviour identified in the extant literature. Subsequent to that, a discussion on stakeholders is provided, highlighting their significance to SME corporate sustainability behaviour. The chapter concludes with a review of the relevant business and management theories employed in corporate sustainability research.

Chapter 3: Research Methodology – This chapter details the research methodology employed in this research and the justification for its use. It covers the philosophical stance of the study, research methods, research approach, data collection methods, sampling strategy, sample, unit of analysis, choice of data analysis method and ethical considerations.

Chapter 4: Data Analysis – In this chapter, the data analysis process is presented. It gives a step by step account of how the analysis was conducted using thematic qualitative analysis in NVIVO, and how the codes, sub-themes, main themes and subsequently the research findings were derived. The themes and sub-themes associated with both the preliminary and main study are also discussed with examples of these provided.

Chapter 4: Theoretical Framework – This chapter discusses the theoretical lens adopted for the study as well theoretical framework derived from the study and how it was developed. Each of the theoretical framework's constructs and how they apply to the current study are also elaborated upon.

Chapter 6: Findings and Discussion – Chapter six discusses the findings of the research, their interpretation, and how these findings relate to extant literature and the real world of corporate sustainability in SMEs.

Chapter 7: Conclusions – This is the last chapter of the thesis. It presents a summary of the entire study and draws conclusions of the research project. It also highlights its limitations, the contributions it makes to knowledge, theory and practice, the implications of the research, provides recommendations for encouraging positive corporate sustainability behaviour in UK SMEs.

2.0 Chapter 2 – Literature Review

2.1 Overview

This literature review chapter is broadly split into six sections. It starts with an illustration of the literature review strategy employed for this study, followed by an overview of corporate sustainability and its three dimensions (social, environmental and social), and how this links to the Triple Bottom Line (TBL). For the purposes of this study, the term 'corporate sustainability' is used since the focus is on sustainability as it relates to the business context, in particular, small and medium sized enterprises. The third section covers Small and Medium Enterprises sized (SMEs), who they are and why they are important, particularly in the corporate sustainability discourse. This is followed by an overview of the current debate on corporate sustainability in small and medium sized enterprises an identification of the gaps in extant literature reviewed, and sets the stage for locating this piece of work in the larger sustainability discourse. As stakeholders are identified as a key influence for sustainability in businesses (Clifton & Amran 2011), particularly in SMEs (Sen & Cowley 2013), their role is also discussed. The chapter then concludes with a discussion of the theoretical considerations for this study.

2.2 Literature Review Strategy

The literature review search strategy employed for this research is depicted in Table 1 below.

Table 2.1: Literature review search strategy

LITERATURE REVIEW STRATEGY	
Keywords	Sustainability, small and medium enterprises, SME, small business, environmental management, business sustainability, corporate sustainability, sustainable development, triple bottom line, entrepreneur, entrepreneurship, green business
Time Frame	1987 to 2017
Databases	DISCOVER (University of Bedfordshire library), EBSCOhost, Emerald Management Xtra, Sage Premier, ScienceDirect, Springer journal collection, Wiley journal collection
Types of Literature	Academic journals, review papers, articles, book chapters
Fields	Abstract, title, keywords
Limiters	Boolean/phrase, peer-reviewed, full text, English language
Frequency	Monthly search alerts set up on databases to ensure literature is constantly updated

2.3 Sustainability in General

2.3.1 Background of Sustainability

Over the years, sustainability or sustainable development as it is sometimes called, has emerged as an increasingly influential concept for business and policy (Hall, Daneke & Lenox 2010), and has also been described as possibly the most prominent topic of our time (Shepherd & Patzelt 2011). The concept was first introduced at the United Nations Conference on the Human Environment held in (Hall, Daneke & Lenox 2010; Nafions 1972). It was later made popular by the 1987 Brundtland report titled 'Our Common Future' (Brundtland 1987; Hall, Daneke & Lenox 2010). Since then, the concept has gained momentum and become a mainstream issue in society (Haddock-Fraser & Tourelle 2010), as well as an expansive, multi-faceted and heavily debated concept (Wilkinson, Hill & Gollan 2001) in business, policy and academia (Ahi & Searcy 2013; Linton, Klassen & Jayaraman 2007; Seuring & Muller 2008). Consequently, it is not uncommon nowadays to find sustainability featuring in mainstream media reports and academic publications, government policies, businesses making significant efforts to report on their sustainability

activities or the inclusion of sustainability professionals as part of companies' board of directors (Linnenluecke & Griffiths 2010; Roca & Searcy 2012).

The perspective of sustainability as an 'important conceptual framework' for aligning economic, social and environmental considerations in business (Dempsey et al. 2011) aligns well with corporate sustainability and corresponds with the Triple Bottom Line (TBL) concept (Elkington 1998, 2004). The TBL suggests that when businesses simultaneously consider and balance their economic, social and environmental goals, at the intersection of these three goals, there are activities which the business can engage in which would both positively affect the natural environment as well as result in long-term economic benefits and competitive advantage for it.

In the wake of this awareness of the need to use natural resources responsibly and balance economic, environmental and social goals, there have been numerous campaigns from governments, media, NGOs and other stakeholders, to raise business and consumer consciousness on reducing negative environmental impacts and increasing social and environmental responsibility (Haddock-Fraser & Tourelle 2010). In addition to this, businesses in particular have been under considerable pressure from a variety of stakeholders to adopt more sustainable practices (Diabat, Kannan & Mathiyazhagan 2014; Hassini, Surti & Searcy 2012; Kleindorfer, Singhal & Wassenhove 2005). To address this increasing interest, businesses are making considerable efforts to ensure that their operations are more sustainable by improving the environmental impact of their products and services (Kleindorfer, Singhal & Wassenhove 2005) and trying to identify social and environmental initiatives that produce the greatest economic impacts for their businesses (Carter & Jennings 2004). A huge factor affecting this increasing interest in sustainability is the on-going demand for businesses to be accountable for sustainability by demonstrating

their commitment to sustainability in the actions they take (Isaksson & Steimle 2009). As such, to be truly sustainable, businesses must be able to pursue their traditional business goals of profit maximisation whilst simultaneously being environmentally and socially responsible in their business operations.

That being said, it is important to note at this point that though some research on corporate sustainability explore the economic aspects, the majority of corporate sustainability research tends to focus mainly on the environmental aspects of sustainability giving little or no attention to the social aspects. Therefore, a lot of the literature highlighted in this review tends towards environmental sustainability.

2.3.2   Defining Sustainability

In spite of a widespread acceptance of the need for businesses to work towards sustainability there is still debate on how best to define and describe the concept of sustainable development (Isaksson & Steimle 2009). The term 'sustainability' has been denoted as meaning different things to different people (Bolis, Morioka & Sznelwar 2014) and described as a concept that has no one clear definition (O'Dwyer & Owen 2005). Since it became a prominent issue nearly thirty years ago, several definitions and interpretations of sustainability have been proffered, the most prominent of which is the one by the Brundtland (1987) Report. It defines sustainability as 'development which meets the needs of the present generation without compromising the ability of future generations to meet their own needs' (Brundtland, 1987:, 16). Even though it has been argued that this definition is very general, vague and open to confusion and multiple interpretations (Ali & Suleiman 2016b; Bolis, Morioka & Sznelwar 2014; Isaksson & Steimle 2009), it still remains as the

most widely accepted definition of sustainability to date (Ashby, Leat & Hudson-Smith 2012; Carter & Rogers 2008; Ki-Hoon 2009).

One of the main criticisms of sustainability definitions is that they have been varied, and also because they have arisen from various disciplines, have focused on specific aspects of sustainability, failing to capture the whole spectrum (Bolis, Morioka & Sznelwar 2014; Faber, Jorna & Van Engelen 2005; Lindsey 2011). Due to the lack of consensus and multiplicity of interpretations of the concept of sustainability (Ali & Suleiman 2016a; Ashby, Leat & Hudson-Smith 2012; Bolis, Morioka & Sznelwar 2014; Faber, Jorna & Van Engelen 2005), a number of other notable definitions have emerged over the years. These definitions as discussed below follow three main threads – the ones that take on the Triple Bottom Line (TBL) perspective, the ones pertaining to preservation of natural resources, and the ones that adopt a business perspective. As the TBL is an important concept that is well linked to the subject of sustainability (Houda & Said 2011; Roca & Searcy 2012), a brief overview of the concept is provided with the definitions that adopt that perspective.

TBL Sustainability Definitions*: The Triple Bottom Line (TBL) represents an approach that encompasses people, planet and profit equally (Wheeler & Elkington 2001). It originated as an accounting framework that incorporates three dimensions, economic, social and environmental to measure business performance (Elkington 2004). Therefore within this framework, business performance and success is evaluated not just on profits, but on environmental protection as well as social responsibility. Following on with the TBL concept, Norman & MacDonald (2004) describe a sustainable enterprise as contributing to sustainable development by simultaneously delivering economic, social and environmental benefits or what has been termed 'the triple bottom line'. Furthermore, (Banerjee 2011;

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O'Dwyer & Owen 2005) identify sustainability as the 'inter-twinned' development of a business' economic, social and environmental aspects.

For Hassini, Surti & Searcy (2012) it is the ability of businesses to carry out their operations with a long term goal of maintaining the well-being of the economy, environment and society. Other perspectives include sustainability as 'a wise balance among economic development, environmental stewardship, and social equity,' (Sikdar 2003) and as including '... equal weightings for economic stability, ecological compatibility and social equilibrium,' (Gończ et al. 2007). More recently, Tsai & Chou (2009) interpret it as performance based on the triple bottom line of economy, environment and social responsibility while Rahdari, Sepasi & Moradi (2016) view it as how environmental and social aspects are combined with economic issues to constitute the triple bottom line of sustainability.

2.3.2.1 Definitions Linked to the Preservation of Natural Resources: The main thrust of the Brundtland (1987) report's definition of sustainability is the need to preserve natural resources currently available for the use of future generations. It adopts a perspective of viewing future generations as stakeholders that the present generations need to provide for and be accountable to (Isaksson & Steimle 2009). Furthermore, it highlights the fact that all natural systems have limits and human wellbeing requires living within those limits (Hall, Daneke & Lenox 2010). In the same vein, Masurel (2007) describes sustainable development as entailing a process of change in which the exploitation of resources, the direction of investments, the orientation of technological developments and institutional change are all made consistent with future as well as present needs. Generally the concept of sustainable development implies that there are limits to the availability of environmental resources and the ability of the biosphere to absorb human activities. Therefore, the pursuance of

economic development should not be at the risk of depleting the natural resources required by future generations.

2.3.2.2 Definitions Linked to the Business Perspective: The International Institute for sustainable development (IISD, 1992), define sustainability from the business and stakeholder perspective as adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today while protecting, sustaining and enhancing the human and natural resources that will be needed in the future. Similarly, Schrettle et al. (2014) interpret sustainability as the ability of a business to meet the needs of its direct and indirect stakeholders without compromising its ability to meet the needs of future stakeholders.

Building on that, corporate sustainability translates the concept of sustainability to the organisation and involves incorporating sustainability into business practices (Lee & Saen 2012). Specifically, it refers to all business activities involved in the generation of economic growth while at the same time protecting the environment and being socially responsible (Tomšič, Bojnec & Simčič 2015). In the same vein, (Klewitz & Hansen 2014) suggest that corporate sustainability requires the full integration of social and environmental issues into the vision, values and operations of the organisation. For Dyllick & Hockerts (2002), corporate sustainability involves businesses making efforts to balance environmental, social and economic goals in such a way as to minimise harm to the natural environment and societies while simultaneously increasing benefits for them.

All in all, in spite of the myriad of definitions that now exist for sustainability, the one by the Brundtland (1987) report still remains as the classic, most well-adopted and often quoted

sustainability definition (Carter & Rogers 2008; Isaksson & Steimle 2009; O'Dwyer & Owen 2005). Other terms commonly used in place of sustainability include cleaner production, pollution prevention, pollution control, and minimization of resource usage, eco-design and others (Glavič & Lukman 2007). It is also sometimes referred to as sustainable development, corporate sustainability, Corporate Social Responsibility (CSR), or Triple Bottom Line (TBL) (Antolín-López, Delgado-Ceballos & Montiel 2016; Roca & Searcy 2012).

2.4   Corporate Sustainability

As this research focuses on the corporate sustainability behaviour of UK manufacturing SMEs, this section gives a brief explanation of what is meant by corporate sustainability in the context of this study. Corporate sustainability has been described as the ability of organisations to conduct their businesses with the long term goal of maintaining the well-being of the economy, environment and society (Hassini, Surti & Searcy 2012). It translates the concept of sustainability to the organisation and involves incorporating sustainability strategies into business operations, culture and decision-making processes (Lee & Saen 2012; Linnenluecke & Griffiths 2010; Salzmann, Ionescu-Somers & Steger 2005). Specifically, it refers to all business activities involved in the generation of economic growth whilst protecting the environment and being socially responsible (Tomšič, Bojnec & Simčič 2015). Consequently, corporate sustainability requires the complete redesign of organisations' strategies and systematic efforts on their part to balance environmental and social with economic goals to simultaneously minimise harm and increase benefits for natural environments and societies (Hatak, Floh & Zauner 2015; Klewitz & Hansen 2014). For businesses to achieve this, it requires the integrative management and measurement of

sustainability issues across the entire organisation rather than isolated applications in different parts of the organisation (Maas, Schaltegger & Crutzen 2016). Taking this approach, organisations are able to build resiliency over time by being closely connected to healthy environmental, economic and social systems which better position them to deal with internal and external shocks (Ahi & Searcy 2013).

The term Corporate Social Responsibility (CSR) is sometimes used interchangeably with Corporate Sustainability as both terms relate to how businesses' activities are managed in relation to their social, and more recently, environmental impacts (Dahlsrud 2008; Lindgreen & Swaen 2010; Weber 2008). CSR in its pure form focuses on how businesses' activities affect the societies that they operate in (Carroll 1979; Dahlsrud 2008; Mackey, Mackey & Barney 2007; McWilliams 2000; Wang et al. 2016) therefore leaning more towards the social dimension of sustainability. It has since evolved to being described as including business responsibility for the environment and as such a synonym of corporate sustainability (Carroll & Shabana 2010; Dahlsrud 2008; Weber 2008; Wickert, Scherer & Spence 2016). Even though both terms, CSR and Corporate Sustainability are sometimes used interchangeably, in the context of this research, the term 'CSR' is not used.

As this study focuses on the corporate sustainability behaviour of UK manufacturing small and medium sized enterprises, sustainability in this context refers to corporate sustainability. Consequently, it aligns with the corporate sustainability definition provided by Klewitz & Hansen (2014), and defines corporate sustainability as '*the integration of social and environmental issues into the vision, values and operations of the organisation whilst ensuring the achievement of their economic goals'.* This emphasises the need for SMEs to run their businesses based on sustainability principles whilst still seeking to achieve their economic goals.

2.4.1 The Corporate Sustainability Business Case

A business case is generally understood as a justification for a proposed business project or undertaking on the basis of its expected commercial benefit (Oxford Dictionary). Despite the popularity of corporate sustainability, its importance to both present and future generations and the need for businesses to act in line with its goals and principles, it is important to note that businesses are still going concerns and need to function as such. Consequently, apart from aiming to achieve the laudable goals of sustainability, they must still meet their traditional business goals of making profit. So the question arises, ***what is the business case for corporate sustainability***? A number of arguments for corporate sustainability have been proposed in the extant literature and the key ones are discussed below.

2.4.1.1 Corporate Sustainability as Competitive Advantage: One of the proposed benefits of engaging in corporate sustainability has been identified as its ability to increase competitive advantage for the businesses involved (Bask et al. 2013; Epstein & Yuthas 2012; Hatak, Floh & Zauner 2015; Houda & Said 2011; Hynds 2013; Ki-Hoon 2009; Nidumolu, Prahalad & Rangaswami 2009; Simpson, Taylor & Barker 2004). Operating as a sustainable business is seen to give organisations the edge over their non-sustainable counterparts and make them more attractive to customers and consumers. Consequently, organizations are coming to recognise that corporate sustainability is not simply a matter of good corporate citizenship, earning brownie points for reducing noxious emissions from factories or providing health care benefits to their employees, but are now beginning to see it as a fundamental principle of smart management (Savitz & Weber 2007). This aligns with the

perspective of Nidumolu, Prahalad & Rangaswami (2009) who posit that nowadays corporate sustainability is seen not only as a source of competitive advantage but also as a backbone of innovation. For instance, a cohort of 20 Austrian SMEs winery owners interviewed by Hatak, Floh & Zauner (2015) reported that their businesses gained a competitive advantage as a result of making the shift towards sustainability in their operations.

2.4.1.2 Corporate Sustainability as a Catalyst for Innovation: Another perceived benefit of corporate sustainability that has received prominence in the literature is its potential to engender innovation (Bos-Brouwers 2010; Hatak, Floh & Zauner 2015; Keskin, Diehl & Molenaar 2013; Klewitz & Hansen 2014; Nidumolu, Prahalad & Rangaswami 2009; Staub, Kaynak & Gok 2016). The thinking is that the requirement for businesses to balance social, economic and environmental concerns leads them to be more creative and think outside the box, thereby leading to more innovative products, services and processes. As Hynds (2013) put it, when companies recognise the material impact of corporate sustainability, they are better placed to use their expertise to develop innovative solutions that not only grow the business but also leave the world a better place. This point was illustrated in a qualitative study conducted by (Hynds 2013) with people working in sustainability related jobs from the construction industry. The findings indicated that they observed that engaging in sustainability initiatives provided their businesses with opportunities for real, innovative solutions such as networking together building solutions like HVAC, lighting, and access control, thereby integrating their control functions to provide added value for the customer.

2.4.1.3 Corporate Sustainability as a Tool for Reduced Costs or Increased Savings:

Corporate sustainability has also been promoted as a tool for cost efficiency in businesses. This is expected to be achieved through savings made from reduced inputs, more efficient use of resources, more efficient processes resulting in less waste, increased profits, creating new revenue opportunities, enhanced marketability, better access to certain markets as well as differentiated products, to mention but a few (Haddock-Fraser & Tourelle 2010; Hall, Daneke & Lenox 2010; Hatak, Floh & Zauner 2015; Hynds 2013; Johnson & Schaltegger 2015; Revell & Blackburn 2007). A number of these in turn lead to improved customer satisfaction which is discussed later on in this section. For example, based on a survey of 166 SME owner/managers from a variety of industries in Queensland, Australia, Gadenne, Kennedy & McKeiver (2009) found that SMEs experienced cost benefits from engaging in sustainability practices such as recycling, reducing packaging and changing their business processes to reduce waste and raw materials consumed.

2.4.1.4 Corporate Sustainability for Improved Efficiency: The argument is that as operationalizing corporate sustainability involves the use of more societally and environmentally friendly materials and processes, companies that engage in corporate sustainability inadvertently gain improved efficiency in their business operations (Houda & Said 2011; Hynds 2013; Johnson & Schaltegger 2015; Revell & Blackburn 2007; Stefan & Paul 2008). Terms such as eco-efficiency, eco-design, and cleaner production are synonymous with more efficient use of businesses' resources and production inputs (Gadenne, Kennedy & McKeiver 2009; Klewitz & Hansen 2014; Perrini, Russo & Tencati 2007). This improved efficiency is also believed to lead to businesses being able to provide additional value for their customers and consequently gain additional profit (Hynds 2013). For instance, based

on a survey of 102 SMEs from the extractive, metals and engineering, chemicals, printing and paper, and timber industries, Brammer, Hoejmose & Marchant (2012) found that reducing the environmental impacts of their business operations, i.e. being more sustainable led to improved efficiency in these SMEs' business processes.

2.4.1.5 Corporate Sustainability for Improved Customer Satisfaction: Another suggested by-product of corporate sustainability is that it leads to improved customer satisfaction, customer loyalty, customer retention and increased market share (Gadenne, Kennedy & McKeiver 2009; Hatak, Floh & Zauner 2015; Stefan & Paul 2008). This is because the ability of sustainable businesses to be more efficient and offer their customers more differentiated products as well as better quality products and services ultimately leads to improved customer satisfaction and retention. For example, in their study of a group of Finnish mobile phone users Bask et al. (2013) found that sustainability features embedded in the mobile phones led to increased satisfaction amongst the customers sampled.

2.4.2 Querying the Business Case for Corporate Sustainability

The discussions in the preceding sections have focused on the proposed positive impacts of engaging in corporate sustainability endeavours. However, corporate sustainability is not always perceived in a positive light. A number of businesses, have described it as being *costly* (Hatak, Floh & Zauner 2015; Revell & Blackburn 2007), *burdensome* (Aragón-Correa et al. 2008; Tilley 1999a), *unbeneficial* (Battisti & Perry 2011) and having an *ambiguous business case* (Madsen & Ulhøi 2016). In particular, it has been suggested that in the SME context corporate sustainability may not be productive or result in economic benefits as

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SMEs may find it difficult to translate sustainability activities into competitive advantage (Battisti & Perry 2011; Masurel 2007; Revell & Blackburn 2007; Tsai & Chou 2009; Williams & Schaefer 2013). However, while some of these counter arguments may appear to hold true in the short term, irrespective of organisation size or context, in the long run, engaging in corporate sustainability does result in long term financial and non-financial benefits for the organisations involved (Haddock-Fraser & Tourelle 2010; Hillary 2000; Klewitz & Hansen 2014; Revell, Stokes & Chen 2010; Reyes-Rodríguez, Ulhøi & Madsen 2014; Staub, Kaynak & Gok 2016).

2.5   Small and Medium Sized Enterprises (SMEs)

2.5.1   Overview

Small and medium sized enterprises (SMEs) have been described as independent businesses managed in a personalised way by their owners or part-owners and having a small market share (Bolton 1971). The Department for Business Enterprise and Regulatory Reform (BERR) describes them as registered businesses with up to 249 employees varying in size, structure and skill sets (DEFRA, 2011). They are further categorised into micro businesses (having 1 to 10 employees), small businesses (having 11 to 49 employees) and medium businesses (having 50 to 249 employees) (European Union, 2003). Furthermore, SMEs are seen as pillars of the economy (Tomšič, Bojnec & Simčič 2015) and are generally considered as key drivers for economic growth, innovation, employment and social integration (European Commission, 2015). In the UK, the most recent Business Population Estimates (BIS, 2016) reports SMEs as constituting 99.9% of private sector businesses, being responsible for 60 % of private sector employment and generating up to 47% of private sector turnover.

2.5.2 Key Characteristics of SMEs

Apart from their size and turnover, SMEs possess a number of unique features that distinguish them from their larger counterparts. Firstly, their management structures are simple, flexible and highly centralised, having efficient internal communication channels, shorter chains of command and limited hierarchical levels (Klewitz & Hansen 2014; MacMillan 1975; Mintzberg 1979). This reduced bureaucracy enables them to make decisions faster, be quicker, flexible and more responsive to dynamic changes in the business environment (Goffee & Scase 1995; Hillary 2000; Sen & Cowley 2013; Torugsa, O'Donohue & Hecker 2012). They are also characterised by smaller management teams, high entrepreneurial alertness, closeness to consumer demands simpler capital structures, organisational efficiency, and innovativeness which enables them to easily respond to their competitors' actions and the business environment as a whole (Masurel 2007; Mazzarol & Reboud 2005; Park & Ghauri 2015; Sen & Cowley 2013; Torugsa, O'Donohue & Hecker 2012).

Additionally, small and medium sized enterprises tend to be strongly influenced by their owner/managers' decisions are strongly influenced by their personal values and intuitions instead of long-term planning and rationality (Mazzarol & Reboud 2005; Sen & Cowley 2013). There is greater freedom of decision making and owner/managers' sense of personal responsibility and motivations are crucial in the strategic direction of the business (Williams & Schaefer 2013). Conversely, they lack highly trained staff and technical expertise, are characterised by short-term perspectives, limited capital for growth and technological enhancements, shortage of time (Tsai & Chou 2009), small number of employees (Ki-Hoon 2009) and are limited by the near-sighted manner in which decisions are made i.e. being strongly influenced by the personal values and intuitions of their owner-managers

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(Hammann, Habisch & Pechlaner 2009; Williams & Schaefer 2013). These traits often negate SMEs ability to focus on strategic gains and encourage the notion of them being considered as 'strategically myopic' (Jenkins 2006; Mazzarol & Reboud 2005).

2.5.3 Importance of Small and Medium Enterprises (SMEs)

In spite of their size and structure, SMEs are a critical part of any nation's economy. They provide jobs especially during times of recession, represent a key source of innovation and competitiveness, wealth creation, avenues for investment, and are vitally important for a healthy, dynamic, market economy (Hillary 2000; Park & Ghauri 2015; Udayasankar 2008). SMEs are also vital to the functioning of larger companies, exist largely as social enterprises (BIS, 2013), and make significant contributions to the local communities in which they are located (Moore & Manring 2009; Walker & Preuss 2008).

In addition to SMEs' economic and social significance detailed above, their environmental impact is also a point of interest. Even though individually their environmental impact can be considered negligible, as a collective body, they are reported to generate significant amounts of pollution and industrial wastes (Gadenne, Kennedy & McKeiver 2009; Hillary 2000; Williams & Schaefer 2013). Although, the exact proportion of these wastes has not been determined, it is assumed that SMEs produce approximately 60% to 70% of total industrial wastes (Battisti & Perry 2011; Hillary 2000; Jansson et al. 2015; Johnson & Schaltegger 2015; Revell & Blackburn 2007; Walker & Preuss 2008). In 2006 SMEs were reported as generating up to 60% of commercial wastes in England and Wales and causing 43% of serious industrial pollution incidents (Environmental Agency, 2006). Also, majority of the fines for non-compliance with environmental regulations were levied on SMEs, with 76%

(120 out of 158) of the companies fined £5000 or more for environmental incidents being

SMEs (Environmental Agency, 2006). The main offending sectors which incidentally are also

the most profitable are the Manufacturing and Construction sectors (Environment Agency,

2009).

This environmental significance in addition to their volume and economic impacts further

heightens the importance of SMEs and strategically positions them in the corporate

sustainability discourse. It is therefore surprising to note that extant literature to date has

largely neglected small and medium sized enterprises in the corporate sustainability

discourse, focusing instead on larger organisations or multinational companies (MNCs)

(Fassin, Van Rossem & Buelens 2011; Hillary 2000; Johnson & Schaltegger 2015; Klewitz &

Hansen 2014; Revell, Stokes & Chen 2010; Tilley 1999a). As Park & Ghauri (2015) put it, the

preoccupation with larger organisations is all the more amazing when one considers the

social and economic importance of SMEs in any society. Unfortunately, in the light of the

aforementioned, it is unlikely that any meaningful progress can be made towards achieving

the overall goals of sustainability without SMEs'. To quote Hillary (2000, p.19), *'… their*

alienation and isolation from actions on the environment means that sustainability will never

be achieved. Change their attitudes towards the environment and we have a chance to

achieve sustainable development. Ignore them and we all suffer'.

2.6   SMEs and Corporate Sustainability

The attitude of small and medium sized enterprises to corporate sustainability has been

highlighted as a point of major concern in the literature. In spite of their environmental

impacts, SMEs have been reported as being highly resistant to improving their

environmental performance (Revell & Blackburn 2007; Tilley 1999a) with their attitude to corporate sustainability described as being poor at best (Williamson, Lynch-Wood & Ramsay 2006). In recent times, some studies have indicated that SMEs do see the value of corporate sustainability (Revell, Stokes & Chen 2010) and a relatively small proportion of them are engaging in corporate sustainability (Hillary 2000; Revell, Stokes & Chen 2010), however there has not been an overwhelming change in their attitude across the board as they are still generally considered as laggards when it comes to corporate sustainability issues (Battisti & Perry 2011; Bianchi & Noci 1998; Hussey & Eagan 2006; Masurel 2007; Simpson, Taylor & Barker 2004). Where SME owner/managers have recognised the importance of environmental issues, there has been a significant disparity between this awareness and the actions they have taken (Cassells & Lewis 2011; Gerrans & Hutchinson 2000; Roberts, Lawson & Nicholls 2006; Robertson 2014; Tomšič, Bojnec & Simčič 2015), resulting in what Revell, Stokes & Chen (2010) describe as the 'value-action' gap.

In keeping with the attitude depicted above, SMEs have been described as showing a significant lack of interest in adopting environmental management systems (EMS) or making efforts beyond regulatory requirements to implement corporate sustainability initiatives (Granly & Welo 2014; Hillary 2004; Johnson 2013; Zorpas 2010). Where some efforts have been made, these have come across as more reactive instead of proactive and therefore have not resulted in lasting behaviour change (Ki-Hoon 2009; Klewitz & Hansen 2014; Moore & Manring 2009). Furthermore, SMEs seem to believe that their size negates them exhibiting environmental and social bad practices that would be worthy of media attention (Howarth & Fredericks 2012; Moore & Manring 2009). Unfortunately, the continued focus of policy makers, media, academia and other stakeholders on the corporate sustainability

practices of large organisations appears to validate this mind-set (Battisti & Perry 2011; Hillary 2000; Hsu & Cheng 2012; Tilley 1999b).

The need for SMEs' improved environmental behaviour and in a broader sense, engagement with corporate sustainability as a whole cannot be overemphasised. Due to their sheer volume and contributions to economic and social development in the society, for sustainability as a whole to become a meaningful objective of any society, SMEs must be part of the process. Additionally, due to their very nature as mainly small organisations (BIS 2015) that are highly vested in the communities in which they are located, their agility and flexibility that makes them highly responsive to the market and customers and their unique ability to innovate, they are well positioned to make significant contributions to the advancement of corporate sustainability.

2.6.1 Barriers to SMEs' Corporate Sustainability

Several reasons have been cited for SMEs' perceived disinclination towards corporate sustainability. One such reason is that most SMEs are either blissfully unaware of the negative environmental impacts of their business activities or generally unconcerned with these issues (Gadenne, Kennedy & McKeiver 2009; Gerrans & Hutchinson 2000; Hillary 2000). As such, they do not see their business activities as having any meaningful environmental impacts and believe that the focus should be on the larger organisations instead (Cambra-Fierro, Hart & Polo-Redondo 2008a; Revell, Stokes & Chen 2010). Unfortunately, the reality is quite different. While SMEs' environmental impacts may be negligible when individually evaluated, as a collective body, their business activities have considerable negative impacts on the environment. Reports have indicated that they are

responsible for approximately 70 percent of industrial wastes (Revell & Blackburn 2007; Simpson, Taylor & Barker 2004; Tomšič, Bojnec & Simčič 2015). Consequently, there has been increasing pressure from environmental groups and legislators, academics, customers, local communities, public authorities, suppliers, financial institutions and employees for SMEs to improve their environmental management activities and practices (Aragón-Correa et al. 2008; Ferenhof et al. 2014; Gerrans & Hutchinson 2000; Hillary 2004). Other reasons cited for this attitude are lack of specific expertise, limited information and awareness, attendant costs, time required for implementation, limited number of staff, and a need for training (Hillary 2004; Howarth & Fredericks 2012; McKeiver & Gadenne 2005).

The most salient issues that seem to hinder SMEs from exhibiting positive corporate sustainability behaviours include regulations, financial constraints, insufficient eco-literacy and awareness and lack of SME-specific solutions. These are briefly discussed below.

2.6.1.1 Regulation-Related Issues – Revell & Blackburn (2007) found that SMEs consider regulation and governmental efforts to ensure compliance as essential for their improved environmental behaviour. For them regulations provide a clear signal of what their environmental responsibilities are and where no regulations exist, it is often assumed that there is no environmental problem. Owner-managers perceive regulation as the best way to encourage environmentally sound business practices, as they believe it creates a level playing field for all businesses and thus circumvents the 'free rider' problem (Environment Agency, 2009, Wilson et. al., 2012).

Incidentally, while SMEs recognise the significance of regulations in encouraging pro environmental behaviour, they view the attendant costs of certification and validation as a

major drawback of compliance. In addition, the complexity of documentations involved with certification mean they may require additional support from consultants further driving up costs (Crals & Vereeck 2005). Despite survey evidence that small firms tend to be resistant to voluntary change in their environmental practices, the UK government has tended to favour a voluntary, rather than a compulsory, approach to stimulating the 'greening' of the SME sector (Environment Agency, 2009). As such, SMEs are loosely regulated in the area of corporate sustainability and adopting environmentally sound practices.

As part of attempts to achieve voluntary compliance and overcome some of the barriers encountered by SMEs, the government set up the NetRegs website (www.netregs.org). It aims to provide environmental guidance for businesses and lists information by sector or topic. Relevant guidance is presented in simple, clear language and training is also provided on a variety of topics. Where applicable, qualifying SMEs can also enlist the services of environmental consultants for free. Even though this website serves mainly Northern Ireland and Scotland, it includes a link to the environmental guidance for England and Wales. Unfortunately, even though this resource exists, most SMEs are unaware of it and the few who are reported having difficulty navigating the site (DEFRA, 2011).

2.6.1.2 Financial Constraints – Financial constraints have been popularly cited as a barrier to SMEs adopting sound environmental practices (Biondi, Frey & Iraldo 2000; Fassin, Van Rossem & Buelens 2011; Hillary 2000; Lepoutre & Heene 2006; Tilley 1999b). Simpson, Taylor & Barker (2004) reported that the majority of SME managers in their study considered environmental responsibility and improvement as a financial burden. In addition to certification costs, most also indicated they would require the services of a consultant to assist with training and implementation, further driving up their costs. Since SME

owner/managers are unable to see the immediate benefits of investing in environmental practices, these costs do not seem justifiable to them. According to Hillary (2004), lack of financial resources, specifically in micro- sized businesses stems from low operating margins, and thus cost savings associated with positive environmental actions appear to be met with 'a degree of scepticism' amongst the SME sector (Hillary 2000, 2004; Huang, Ding & Tan 2015; Revell, Stokes & Chen 2010).

Even though other factors such as prestige, autonomy and fulfilment are important , SME owner-managers are driven predominantly by the bottom line and profitability of their businesses (Goffee & Scase 1995; Williamson, Lynch-Wood & Ramsay 2006). And despite attempts to the contrary, most SMEs remain unconvinced that engaging in sustainability practices will reduce their overall costs in the long run, believing that the initial implementation costs far outweigh the long term savings (Battisti & Perry 2011; Chassé & Boiral 2016; Hillary 2000; Revell, Stokes & Chen 2010).

2.6.1.3 Insufficient Eco-literacy and Awareness - Research has indicated that SMEs often adopt behaviours that are potentially harmful to the environment without recognising them as such (Gadenne, Kennedy & McKeiver 2009; Howarth & Fredericks 2012; Masurel 2007; Rutherfoord, Blackburn & Spence 2000). For example a survey of SMEs in 2007 found that 45% stored chemicals, fuels, or oils; 44% produced or imported packaging; 31% stored waste; 21% emitted smoke or fumes to the air; and 15% conducted an activity under the heading 'anything that could create a local nuisance' (NetRegs, 2007). It is also interesting to note that there has been an increasing proportion in the number of UK SME owner/managers claiming not to harm the environment – from 22% in 1995 to 48% in 2000 and 86% in 2002 (Netregs, 2002). Generally SMEs do not see themselves as making any

notable negative impact on the environment and believe whatever impacts they may make if any, are negligible. In their opinion, the focus should be on larger organisations because they are more visible and produce more wastes so should therefore be held more accountable (Battisti & Perry 2011; Ferenhof et al. 2014; Gadenne, Kennedy & McKeiver 2009; Hussey & Eagan 2007; Williamson, Lynch-Wood & Ramsay 2006).

It would appear that in some cases, SME owners/managers are oblivious of their environmental impact. Where they are environmentally aware, they are not privy to good information on environmental issues, do not understand relevant legislations and are unaware of many of the initiatives providing support and information to small businesses (Revell & Blackburn 2007; Tilley 1999b; Williamson & Lynch-Wood 2001; Wilson, Williams & Kemp 2012). Unfortunately, where activities are not recognised as being potentially harmful, it presents a difficulty to bodies such as the Environment Agency in helping businesses become environmentally responsible (Environmental Agency 2009).

2.6.1.4 Lack of SME Specific Solutions – According to Tilley (1999b) in proposing environmental solutions, SMEs should not be treated as scaled-down versions of larger companies by expecting them to implement solutions that have been created by and for larger organisations (Hatak, Floh & Zauner 2015; Jenkins 2006; Ki-Hoon 2009; Sen & Cowley 2013). Likewise, Petts et al. (1999) emphasise considering the operational climate in which SMEs exist, especially concerning their capacity and feasibility to act in terms of corporate sustainability. In the same manner, Battisti & Perry (2011) insist that SME corporate sustainability performance should be assessed using benchmarks that fit their peculiar circumstances while Sen & Cowley (2013) posit that theories proposed for SMEs should

reflect the motivations, constraints and uncertainties facing SMEs as these differ from that of larger companies.

Regrettably, environmental management systems currently available adopt a blanket approach to all companies, with none specifically tailored to SMEs. Even though the ISO 14001 is supposed to have been designed with the 'chip-shop owner' in mind (Hillary 2004), most SMEs find the documentation involved difficult to understand and quite confusing. To more effectively engage SMEs, regulations that make allowance for their peculiar circumstances need to be developed. It would also be ideal to phase the implementation such that full compliance is achieved over a set period (Hillary 2004; Johnson & Schaltegger 2015; Tsai & Chou 2009).

Several barriers against SME pro-environmental behaviour have been cited including lack of regulation or compliance mechanisms by government, the attendant costs, lack of awareness and unavailability of environmental information and a lack of SME specific solutions. As a result of these barriers, even when SME owner/managers are concerned for the environment, they refrain from engaging in pro-environmental behaviour. The costs of environmental compliance are seen as far outweighing any savings they may make.

2.6.2   Pressures for SMEs' Corporate Sustainability

SMEs face a number of pressures to engage in corporate sustainability behaviour. This tends to be from a myriad of stakeholders seeking an improvement of their environmental footprint as well as their sense of social responsibility. These pressures exist in the form of governmental legislations requiring them to institute formal programmes to reduce their environmental impact, or environmental certification requirements from other businesses

in order to be recognised as suppliers (Cordano, Marshall & Silverman 2010; Ferenhof et al. 2014; Gadenne, Kennedy & McKeiver 2009). They could also be as a result of concerns raised by employees, requirements from customers or consumers, competitors' sustainability activities, or benefits from environmental programmes observed in other businesses (Gadenne, Kennedy & McKeiver 2009; Hillary 2000; Larrán Jorge et al. 2015; Tsai & Chou 2009; Williams & Schaefer 2013).

Though these stakeholders argue that pro-environmental behaviour can result in a multitude of benefits to SMEs such as reduction in waste, cost savings, increased customer satisfaction, higher employee commitment, improved products, better public relations and competitive advantage, most SMEs still remain unconvinced (Font, Jones & Garay 2014; Revell, Stokes & Chen 2010; Simpson, Taylor & Barker 2004). Consequently in spite of these pressures, only a relatively small proportion of SMEs adopt corporate sustainability practices (Hillary 2000; Johnson 2013; Revell, Stokes & Chen 2010).

2.6.3   Motivations for SMEs' Corporate Sustainability

Where small and medium sized enterprises have engaged in corporate sustainability, this has been mainly due to the personal inclinations of the SME owner/managers and in some cases, savings or profits generated from engaging in such sustainable practices. As has been widely theorised, small and medium sized organisations tend to be more personally run and reflect the personal values and commitments of the owner/managers (Gadenne, Kennedy & McKeiver 2009; Hillary 2000; Mazzarol & Reboud 2005; Reyes-Rodríguez, Ulhøi & Madsen 2014; Sen & Cowley 2013; Tilley 1999a). Small and medium sized business owners may choose to adopt environmental-friendly processes as a result of their own personal

convictions regardless of legal requirements or financial gain (Bansal & Roth 2000; Gadenne,

Kennedy & McKeiver 2009; Hatak, Floh & Zauner 2015; Sen & Cowley 2013).

Therefore, where SME owner/managers feel a sense of responsibility towards the

environment or sustainability principles as a whole, it is highly likely that such organisations

would take action for corporate sustainability (Bansal & Roth 2000; Gadenne, Kennedy &

McKeiver 2009; Jansson et al. 2015; Reyes-Rodríguez, Ulhøi & Madsen 2014; Williams &

Schaefer 2013).

In the same vein, in some instances the main motivations for SMEs' corporate sustainability

behaviour has been linked to their experiencing financial gains or cost reductions as a result

of engaging in sustainability practices. This could be due to more efficient use of resources,

more efficient processes, or tangible financial savings realised by such SMEs (Bansal & Roth

2000; Gadenne, Kennedy & McKeiver 2009; Larrán Jorge et al. 2015; Revell, Stokes & Chen

2010).

In the light of the above, it is clear that SME owner-managers remain largely unconvinced of

a legitimate business case for reducing their environmental impacts and engaging in

corporate sustainability as a whole. In spite of suggestions of competitive advantage, long-

term savings, increased employee morale or improved reputation with customers it appears

to remain unappealing to them. All in all, it is evident that the perceived barriers to

corporate sustainability for small and medium sized enterprises far outweigh the

motivations identified. For SMEs to 'motivated' for corporate sustainability, their

owner/managers would need to feel personally inclined towards the notion of sustainability

and choose to incorporate this into their business. Where such a scenario does not exist,

corporate sustainability is unlikely to feature on the agenda of the business. Likewise, the

pressures from government regulations and a variety of stakeholders have so far proved

insufficient to galvanise SMEs into action for corporate sustainability. Consequently, the business benefits of eco-efficiency measures tend to remain elusive to many SME owner-managers. As the collective SME community is integral to the effectiveness of sustainable development in the UK as a whole, it is important to seek measures of addressing these issues as a matter of urgency.

2.7   Research on Factors Affecting SMEs' Corporate Sustainability Behaviour

This section identifies some of the key factors identified as affecting SMEs' corporate sustainability behaviour in the extant literature. It also serves to highlight the gaps in this aspect of SME corporate sustainability research as well as adequately locate this particular study in the current SME/corporate sustainability discourse. Though studies into this aspect of corporate sustainability and SME corporate sustainability as a whole have been limited (Aragón-Correa et al. 2008; Jansson et al. 2015; Witjes, Vermeulen & Cramer 2016), some factors have been proposed as key to improving SME sustainability behaviour. A key factor identified as having a significant impact on corporate sustainability behaviour in businesses and particularly in the SME context is stakeholder influence (Kassinis & Vafeas 2006; Meath, Linnenluecke & Griffiths 2016; Sen & Cowley 2013). Other factors include consumers, SME owner managers, employees, government regulations and benefits that accrue to the business as a result of engaging in corporate sustainability practices (Nejati, Amran & Ahmad 2014; Park & Ghauri 2015; Ramirez 2013). Since stakeholder influence is identified as the most salient factor, this section begins with a detailed review of stakeholders and

their potential to influence businesses corporate sustainability behaviour, before discussing other factors.

2.7.1 Stakeholder Influence as a Factor Affecting SMEs' Corporate Sustainability Behaviour

Extant research has identified stakeholder pressure as a catalyst for policy implementation in businesses noting that the influence of stakeholder pressure has been underexplored in the SME context (Clifton & Amran 2011; Kassinis & Vafeas 2006; Ramanathan, Bentley & Pang 2014). Particularly in the SME context, stakeholder influence has been emphasised as key to achieving their change in behaviour towards corporate sustainability (Fuller & Tian 2006; Gadenne, Kennedy & McKeiver 2009; Sen & Cowley 2013). According to Gadenne, Kennedy & McKeiver (2009), existing and potential stakeholders are able to influence business' environmental practices both through external pressures (legislation, suppliers, customers, consumers, environmental groups) and internal pressures (employees, owner/manager's perceptions). Therefore, a key part of exploring the factors affecting UK manufacturing SMEs' corporate sustainability behaviour is a consideration of the role of stakeholders play to effect this change of behaviour. To this end, it is important to review literature pertaining to stakeholders.

2.7.2 Origin of Stakeholder Concept

The term 'stakeholder' has featured in the business and management literature for over four decades. It was made popular by Freeman (1984) in his book 'Strategic Management: A Stakeholder Approach' (Frooman 1999). Originally, the concept was limited in its scope and

referred mainly to groups such as shareholders and customers (Frooman 1999), but was

extended by Dill (1975) to encompass groups that are seen as having an adversarial

relationship with the firm (Freeman 1984). According to Freeman (1984), this broader view

of stakeholders as proposed by Dill (1975) positioned the theory of stakeholders as an

umbrella for strategic management. Over the years, the concept of stakeholders has

become ingrained in the business and management literature (Foley 2005; Frooman 1999;

Garvare & Johansson 2010; Haddock-Fraser & Tourelle 2010; Harrison & Wicks 2012;

Mitchell, Agle & Wood 1997; Park & Ghauri 2015; Theyel & Hofmann 2012; Weber & Marley

2010), and has evolved to include groups or individuals such as government entities,

suppliers, employees, competitors, Non-Governmental Organisations (NGOs) and even the

wider community.

2.7.3   Definition of Stakeholders

As posited by Mitchell, Agle & Wood (1997), there is general consensus about which entities

qualify as stakeholders or have the potential to be identified as such. The term stakeholder

in a broad sense encompasses individuals, groups, neighbourhoods, organisations, societies

and even the natural environment (Mitchell, Agle & Wood 1997). Detailed definitions and

their attributes are discussed below.

A number of stakeholder definitions have been proposed by different authors (Alkhafaji

1989; Mitchell, Agle & Wood 1997; Thompson, Wartick & Smith 1991), but the one which is

most widely quoted is the one by Freeman (1984). He identifies stakeholders as groups or

individuals who can affect or are affected by the activities of an organisation as well as the

performance and achievement of its objectives. Foley (2005) extends this definition by

describing stakeholders as entities who a business identifies from the universe of all those interested in or affected by its activities and existence, and who are capable of causing the business to fail or causing it unacceptable levels of damage if their needs are not met. This perspective highlights two key features of stakeholders namely, the ability to cause the business to attend to their needs and the ability to act against the business if these needs are not met (Foley 2005).

In the same vein, Garvare & Johansson (2010) distinguish between 'stakeholders' and other 'interested parties' by recognising stakeholders as having the ability to take action if their needs are not met. Conversely, 'interested parties' are seen as entities that have an interest in the activities of the business, as well as its outcome or output, but are not able to significantly influence the state of the business. In order for their needs to be considered, such 'interested parties' would need to act through full-fledged stakeholders.

In line with aim of this study which is to explore from UK manufacturing SMEs' perspectives the factors affecting their corporate sustainability behaviour, the potential of key stakeholders to influence their corporate sustainability behaviour is also explored. To this end, it therefore adopts the stakeholder definition proposed by Foley (2005). There are a number of reasons for this. Firstly, the definition is specific about the perspective it takes, identifying stakeholders through the eyes of the businesses. This is in keeping with the aim of this study which is to understand the factors affecting SMEs' corporate sustainability behaviour from the perspective of SMEs. Secondly, it identifies stakeholders as having the ability to not only gain the business' attention, but also act against it if their needs are not met. This alludes to stakeholders having the ability to influence the actions and activities of businesses, and fits well with the aim of this study.

2.7.4   Stakeholder Attributes

Although definitions aid with identifying stakeholders in a broad sense, to get a holistic view, it is necessary to move beyond definitions to take account of the features and qualities that could further distinguish them as stakeholders. Ideally, stakeholders should be identified not only on the basis stakeholder definitions, but also on the attributes that make them stand out from other 'interested parties'. To this end, a number of stakeholder attributes are mentioned.

2.7.4.1 Ability to affect the business **–** One of the key distinguishing features of a stakeholder is the ability to affect the business (Freeman 1984; Heikkurinen & Bonnedahl 2013). This means that their actions or activities in that context have an impact on the business. For example, an employee not turning up to work or consumers boycotting a business' products or services would impact heavily on the business and impede its ability to achieve its objectives.

2.7.4.2 Ability to be affected by the business – Stakeholders are also able to be affected by the activities a business engages in to meets its objectives (Freeman 1984). If for instance, in a bid to streamline its activities, a business decides to close down one product line, that singular action would affect a number of stakeholders. Staff employed on that product line may be laid off or re-absorbed into another department, consumers of that product would have to look for alternatives or do without it, suppliers for that product could lose that line of business and even shareholders could be affected by either an increase or decrease in earnings per share.

2.7.4.3 Ability to gain the business' attention – In order to be classified as stakeholders instead of 'interested parties', these individuals or groups must be able to get the attention of the business (Foley 2005; Garvare & Johansson 2010). Management must be in a position where they feel compelled to give attention to them (Frooman 1999; Harrison & Wicks 2012; Mitchell, Agle & Wood 1997), as failure to do this may result in an inability to achieve the business' objectives. For example, if government issues a new policy that affects the business, it would have to pay attention by complying or risk heavy fines or in some cases, a loss of its trade license.

2.7.4.4 Ability to make valid, legitimate claims on the business – Stakeholders should be able to make claims that the business considers to be valid and legitimate. Where entities do not fit this criteria, management does not feel pressured or obliged to engage in an active relationship with them (Mitchell, Agle & Wood 1997). Because of stakeholders' ability to make these claims on the business, management seeks to both understand and 'manage' them. This is further buttressed by Gadenne, Kennedy & McKeiver (2009) who posit that the level of attention given to the entity is determined by the perceived legitimacy of the claim.

2.7.4.5 Ability to take action against the business – A significant aspect of Foley (2005) stakeholder definition is their ability to take action against the business if their needs are not met. This attribute has also been highlighted by Frooman (1999) where he discusses a boycott action by consumers due to their needs not being met, and more recently Harrison

& Wicks (2012) indicate the ability to act against the business as a significant attribute of stakeholders.

2.7.4.6 Ability to have their Needs and Expectations Satisfied – Stakeholders can also be identified as entities whose needs and expectations the business actively seeks to satisfy (Garvare & Johansson 2010; Harrison & Wicks 2012). Freeman (1984) indicates a need for businesses to manage both their stakeholders and the interests of their stakeholders. In essence, to be considered as stakeholders, entities must be recognised by business as individuals or groups whose needs and expectations must be met in order to ensure the smooth running of the business.

2.7.4.7 Stakeholder Salience – Mitchell, Agle & Wood (1997) identify the perceived salience, prominence or importance of an entity as a determinant of answering the question 'who and what really counts'. As it is impossible for managers to give attention to every entity, it is essential for managers to be able to identify the entity(s) they need to respond to in different sets of circumstances. Mitchell, Agle & Wood (1997) define stakeholder salience as the degree to which managers give priority to competing stakeholder claims. Therefore, claims from the more salient or prominent stakeholders would be prioritised over those from less salient stakeholders. Consequently, the notion of the legitimacy and validity of the stakeholders' claim comes to bear. The more salient a stakeholder is perceived to be, the more valid and legitimate their claim is considered and the greater priority managers give to this stakeholder and claim (Mitchell, Agle & Wood 1997).

It is important to note that stakeholder groups differ from business to business and it is unlikely that any one stakeholder would possess all of these attributes at the same time. The groups or individuals that constitute stakeholders for any business depends on the nature of the business' operations, the industry it operates in, whether it is customer-facing or not, its structure and even its size (Garvare & Johansson 2010). Therefore, it is more likely that different stakeholders possessing different combinations of these attributes would be relevant to different businesses.

This review of stakeholders enables appropriate positioning of key stakeholders identified in the course of the study, making it easier to determine their potential to influence the corporate sustainability behaviour of UK manufacturing SMEs.

2.7.5   Other Factors Affecting SMEs Corporate Sustainability Behaviour

Park & Ghauri (2015) in their research into the factors influencing the corporate social responsibility (CSR) practices of small and medium sized foreign subsidiaries based in South Korea, with a focus on emerging markets, identified consumers, internal managers and employees, competitors and non-governmental organisations as the key influencing factors. Likewise, Nejati, Amran & Ahmad (2014) highlight employees and consumers as the significant influences for the environmental responsibility practices of micro, small and medium sized enterprises (MSMEs) based on a survey of Malaysian. In the context of Chinese firms, Tang & Tang (2012) suggest that government, consumers and the media-firm power difference are the main determinants of firms' environmental performance while the degree to which their stakeholders consider their CSR as important moderates the relationship.

Going beyond the stakeholder perspective, Uhlaner et al. (2012) identify tangibility of sector, firm size, innovative orientation, family influence and perceived financial gains from energy conservation as predictors of Dutch SME's levels of engagement in environmental practices. In a similar vein, Williamson, Lynch-Wood & Ramsay (2006) highlight business performance and regulations as the main drivers of environmental performance in UK manufacturing SMEs. In the context of their research, they define business performance as cost reductions and efficiency achieved in the business operations. Similarly, Ramirez (2013) proposes that government intervention, organisational values and the potential values that can accrue to the firms as a result of implementation serve as the factors influencing firms to adopt an environmentally friendly approach to running their businesses. The sample consisted of 231 small to large American firms.

Taking a more SME owner-manager focused stance, Reyes-Rodríguez, Ulhøi & Madsen (2014) identified managerial attitudes and strategic intent(i.e. deliberate and conscious intention to drive, differentiate and add valuable component to environmental actions) as factors affecting SME adoption of sustainability practices using data from a longitudinal study of Danish SMEs. In the same light, based on data from 136 Taiwanese manufacturing SMEs, Hsu & Cheng (2012) conclude that owner-managers' personal values and morality as well as the SMEs' corporate culture and corporate image encourage SMEs' willingness to engage in CSR activities.

Based on the preceding sections, it is apparent that stakeholder influence has been identified as the most salient factor or category of factors affecting SME sustainability behaviour. In addition to that other factors highlighted are owner-managers' personal values, the potential for tangible (financial) value to the business, corporate culture and the

impact on corporate image. Table 2 below provides a summary of the factors affecting

corporate sustainability behaviour identified in this review.

Table 2.2: Summary of factors affecting corporate sustainability as identified in the review above

AUTHOR(S)	TITLE	FACTORS IDENTIFIED
Fuller & Tian (2006)	Social and Symbolic Capital and Responsible Entrepreneurship: An Empirical Investigation of SME Narratives	Stakeholders' Influence
Williamson, Lynch-Wood & Ramsay (2006)	Drivers of Environmental Behaviour in Manufacturing SMEs and the Implications for CSR	Business Performance; Regulations
Kassinis & Vafeas (2006)	Stakeholder Pressure and Environmental Performance	Stakeholders' Influence
Gadenne, Kennedy & McKeiver (2009)	An Empirical Study of Environmental Awareness and Practices in SMEs	Stakeholders' Influence
Uhlaner et al. (2012)	Beyond Size: Predicting Engagement in Environmental Management Practices of Dutch SMEs	Tangibility of Sector; Firm Size; Innovative Orientation; Family Influence; Financial Gains
Tang & Tang (2012)	Stakeholder-Firm Power Difference, Stakeholders' CSR Orientation, and SMEs' Environmental Performance in China	Stakeholders' Influence; Media-firm Power Difference
Hsu & Cheng (2012)	What Prompts Small and Medium Enterprises to Engage in Corporate Social Responsibility? A Study from Taiwan	Owner/managers' Personal Values; Owner/Managers' Sense of Morality; SMEs' Corporate Culture; SMEs' Corporate Image
Sen & Cowley (2013)	The Relevance of Stakeholder Theory and Social Capital Theory in the Context of CSR in SMEs: an Australian Perspective	Stakeholders' Influence
Ramirez (2013)	Consumer-defined Sustainably-oriented Firms and Factors Influencing Adoption	Stakeholders' Influence; Organisational Values; Potential Value to the Firm
Nejati, Amran & Ahmad (2014)	Examining Stakeholder Influence on Environmental Performance of Micro, Small and Medium-sized Enterprises and its Outcomes	Stakeholders' Influence
Reyes-Rodríguez, Ulhøi & Madsen (2014)	Corporate Environmental Sustainability in Danish SMEs: a Longitudinal Study of Motivators, Initiatives and Strategic Effects	Managerial Attitudes; Strategic Intent
Park & Ghauri (2015)	Determinants Influencing CSR Practices in Small and Medium Sized MNE Subsidiaries: A Stakeholder Perspective	Stakeholders' Influence
Meath, Linnenluecke & Griffiths (2016)	Barriers and Motivators to the Adoption of Energy Saving Measures for Small and Medium Sized Enterprises (SMEs): the Case of the ClimateSmart Business Cluster Program	Stakeholders' Influence

2.8   Review of Relevant Theories Employed in Sustainability Research

Overview

A limited number of studies on corporate sustainability, environmental issues and

particularly corporate sustainability in the SME context utilise a theoretical lens to guide

their understanding of these subject areas. Some of the most notable theories employed in this field are the Stakeholder Theory, Institutional Theory, Resource Based View (RBV), Dynamic Capabilities Theory, Diffusion of Innovations Theory, and Theory of Planned Behaviour, to mention but a few. These theories are identified based on how often they recur in the corporate sustainability literature and reference to them by various authors as being well suited to research in the sustainability subject area (Connelly, Ketchen & Slater 2011; Dyllick & Hockerts 2002; Gadenne, Kennedy & McKeiver 2009; Hahn & Kuhnen 2013; Hsu & Cheng 2012; Sen & Cowley 2013; Wagner 2015).

In line with the research approach being employed in this study, i.e. the abductive approach, even though it is not compulsory to define a theory for the study a priori, it is necessary for the researcher to have a good knowledge of relevant existing theories applicable to the field of study (Ketokivi & Choi 2014; Kovacs & Spens 2005; Mantere & Ketokivi 2013; Timmermans & Tavory 2012; Voss, Tsikriktsis & Frohlich 2002). In keeping with this abductive approach, this knowledge of theories enables the researcher to adequately match a suitable theory to the data generated from the study, a process of 'theory matching' as described by Dubois & Gadde (2002) and Kovacs & Spens (2005). Therefore the review of relevant theories in the subsequent sections demonstrates this pre-understanding of the relevant theories commonly applied in the corporate sustainability subject area.

Each of these theories is briefly discussed in the sections below before introducing the theoretical underpinning for this research.

This section reviews some of the more prominent theories commonly applied in such research.

2.8.1 Stakeholder Theory

Stakeholder Theory was first developed by Freeman (1984) as published in his landmark book 'Strategic Management: A Stakeholder Approach' (Freeman 1984). It has since been extended and further developed by other researchers (Buchholz & Rosenthal 2005; Donaldson & Preston 1995; Frooman 1999; Jensen 2002; Laplume, Sonpar & Litz 2008; Mainardes, Alves & Raposo 2011; Mitchell, Agle & Wood 1997). To date it is one of the major organisational theories utilised in the field of management (Carter & Easton 2011; Harrison & Wicks 2012; Laplume, Sonpar & Litz 2008; Parmar et al. 2010).

Central to the Stakeholder theory is the notion that businesses need to manage those they identify as stakeholders by acting to satisfy their wants and expectations (Freeman 1984; Garvare & Johansson 2010). According to (Freeman & Liedtka 1991), a company's success and existence is dependent on its ability to create value for its primary stakeholders by meeting their expectations and demands. Garvare & Johansson (2010) , go further to state that in order to survive long-term and achieve organisational sustainability, contemporary organisations must seek to satisfy a variety of stakeholders who are all capable of inflicting damage on the viability of the organisation if their interests are not adequately met. Such stakeholders could include customers, suppliers, government, creditors, business owners, employees or members of other pressure groups.

2.8.1.1 Sustainability Studies Utilising Stakeholder Theory

Park & Ghauri (2015) employ stakeholder theory and regression analysis to develop a model for identifying factors that influence corporate citizenship behaviour in local markets

by small and medium sized foreign subsidiaries while Betts, Wiengarten & Tadisina (2015) combine stakeholder theory with contingency theory to explore the effect of stakeholder pressure on the implementation of environmental practices and strategies of plants in a variety of industries. Similarly, Sen & Cowley (2013) use the multi-theoretical lens of stakeholder theory and social capital theory to investigate the uptake of CSR practices from the perspectives of Australian SMEs.

In their study, Ans & Jonatan (2007) highlight that even though the study of sustainability is popularly viewed through the lens of stakeholder theory, in corporate practice, sustainability cannot be adequately captured by a single theoretical lens due to its various dimensions; it requires a more integrated approach. Consequently, they use a combination of stakeholder theory, institutional theory and resource based view to investigate corporate strategic responses to the corporate sustainability, and specifically the issue of climate change. In addition, Yu & Choi (2014) employ stakeholder theory as the theoretical lens in their investigation of the mediating role of CSR oriented organisational culture in the relationship between stakeholder pressure and the adoption of CSR practices in Chinese firms while Theyel & Hofmann (2012) also use stakeholder theory to shed light on how SMEs can leverage stakeholder value in their attempts to adopt sustainability practices.

2.8.2   Institutional Theory

Institutional theory was initially proposed by (Hirsch 1975) and explores how environmental pressures influence the actions of organisations. Over the years, the theory has been extended by a number of authors, namely, (DiMaggio & Powell 1983; Scott 1987; Selznick 1996; Zucker 1987). Institutional theory proposes three forms of isomorphic drivers for

influencing the organisation – coercive, normative and mimetic drivers (DiMaggio & Powell 1983).

Coercive isomorphic drivers affect change in the organisation as a result of influences exerted by those in power and on whom the organisation is dependent e.g. government. With normative isomorphic drivers, organisations change so as to be considered as having legitimate organisational activities e.g. professional standards. Mimetic isomorphic drivers occur when organisations imitate the actions of other organisations that appear to be successful in what they do e.g. in times of uncertainty (Sarkis, Zhu & Lai 2011).

2.8.2.1 Sustainability Studies Utilising Institutional Theory

Making use of institutional theory, Stål (2015) develops an analytical approach to explain industry-level inertia and change processes for sustainability. Similarly, Glover et al. (2014) use institutional theory as a lens for exploring the role of supermarkets in the development of legitimate sustainable practices across dairy supply chains in the UK. Roxas & Coetzer (2012) also utilise institutional theory to explore the direct impact of three dimensions of the institutional environment (cognitive, regulatory and normative dimensions) on the managerial attitudes of small firms in the Philippines towards the natural environment. They also look into how these attitudes in turn directly influence the environmental sustainability orientation of these firms. Also, Zhu, Sarkis & Lai (2013) use institutional theory to develop and empirically test a theoretical model on the different types of institutional pressures that motivate Chinese manufacturing enterprises to pursue green supply chain management practices.

2.8.3 Resource Based View (RBV)

The resource based view proposes that organisations can achieve sustained competitive advantage by harnessing resources they possess which are valuable, scarce, non-substitutable and inimitable. This competitive advantage can be sustained for as long as the organisation is able to prevent imitation, transfer or substitution (Barney 1991).

Originally developed by Barney (1991) RBV is one of the most prominently used theories in management research. In 1995, extending the RBV, Hart (1995) proposed a theory of competitive advantage based on the organisation's relationship with the natural environment called the Natural Resource Based View (NRBV). NRBV comprises of three strategies through which the organisation can achieve this – pollution prevention, product stewardship and sustainable development. Pollution prevention strategies aim to reduce emissions, effluents and wastes on the basis of continuous improvements, product stewardship strategies aim to reduce life-cycle costs of products on the basis of shareholder integration, while sustainable development strategies aim to minimise the environmental burden of firm growth and development through shared vision (Hart 1995). The RBV has now been further extended to incorporate knowledge as being the most strategically significant resource of the firm (Grant 1996). The argument is that since knowledge is the one firm resource that is most difficult to imitate, it stands the firm in the best position to achieve and maintain sustained competitive advantage.

2.8.3.1 Sustainability Studies Utilising the Resource Based View

Elijido-Ten (2017) combines the resource based view and prospect theory to explore the determinants of sustainability performance with respect to climate change issues focusing

on large corporations. In the same vein, Wagner (2015) uses the resource based view in conjunction with stakeholder theory and institutional theory to test if stakeholder demands affect the integration of sustainability in a cross-section of Dutch and German manufacturing organisations. Using the resource based view as their sole theoretical lens, Halme & Korpela (2014) investigate environmentally and socially responsible innovations in the context of Nordic SMEs. Based on data from 13 Nordic SMEs, they identify the resource combinations those SMEs require to innovate for sustainability. Similarly, Ronan Carbery et al. (2014) utilise the resource based view to explore organisational sustainability in the SME context with particular emphasis on the contrasting perspectives of SMEs and the human resource management. Additionally Aragón-Correa et al. (2008) use the RBV to explore the environmental strategies employed by SMEs in the automotive repair industry in southern Spain and Hörisch, Johnson & Schaltegger (2014) use the knowledge based view to investigate how size affects the degree of knowledge and application of sustainability management tools in German SMEs and large organisations.

2.8.4   Dynamic Capabilities Theory

Dynamic capabilities, a theory currently well used in management research evolved from limitations identified in the resource based view. The RBV has been criticised for assuming resources just exist without accounting for how they exist. Developed by (Teece, Pisano & Shuen 1997), dynamic capabilities seek to fill this gap by adopting a process approach and emphasising resource development and renewal. It acts as a buffer between an organisation's resources and changing environments by helping it adjust its resource mix. In so doing, it helps maintain the sustainability of the organisation's competitive advantage

which may otherwise have been eroded. The dynamic capabilities theory has since been extended by Elsenhardt (Elsenhardt & Martin 2000; Helfat & Peteraf 2003).

2.8.4.1 Sustainability Studies Utilising the Dynamic Capabilities Theory

Hofmann, Theyel & Wood (2012) employ dynamic capabilities theory to determine firm-specific capabilities that SMEs can develop to aid them in adopting sustainability initiatives using data from 294 US based manufacturing SMEs. Also, focusing on green IT innovations, Castiaux (2012) explores the impact of new sustainability requirements on the dynamic capabilities that a firm should develop and sustain to remain competitive in the current volatile business environment. Similarly, Beske (2012) use dynamic capabilities to highlight the complementarities of dynamic capabilities and sustainable supply chain management (SSCM) research as well as develop a framework for integrating dynamic capabilities into SSCM while Amui et al. (2017) use dynamic capabilities as the basis for their research into how companies can make sustainability more dynamic and better integrate it into their business strategies.

2.8.5   Diffusion of Innovations Theory

The diffusion of innovations theory was first proposed in 1962 Rogers (2010) through the original version of his book Diffusion of Innovations (Rogers, 1962). It seeks to explain how, why and at what rate new concepts spread through cultures. Rogers describes innovations as new concepts, techniques or objects adopted by individuals or organisations and diffusion as the process by which innovations are communicated to the participants through certain channels (Rogers 2010).

In terms of how innovations are adopted, individuals are categorised as innovators (venturesome, educated, possessing multiple sources of information), early adopters (social leaders, popular, educated), early majority (deliberate, many informal social contacts), late majority (sceptical, traditional, lower socio-economic status) and laggards (neighbours and friends are main sources of information, fear of debt). Rogers goes further to identify five factors that affect the rate of innovation adoption, namely, relative advantage, compatibility, triability, observability and complexity. Moore & Benbasat (1991) have since expanded these to identify eight factors – voluntariness, relative advantage, compatibility, image, ease of use, result demonstrability, visibility and triability.

2.8.5.1 Sustainability Studies Utilising the Diffusion of Innovations Theory

Johnson & Schaltegger (2015) employ the diffusion of innovations theory to investigate the connections between the awareness of sustainability management tools and their adoption in small and medium enterprises based on a web-based survey of 176 German SME managers. In the same vein, Hsu & Cheng (2012) employ diffusion of innovations theory to explore the impact of perceptive characteristics on the willingness of SMEs to engage in CSR based on a sample of 136 SMEs from the Taiwanese manufacturing industry while Lozano (2010) uses the theory to explore the adoption and diffusion of sustainable development in the curricula of Higher Education Institutions (HEIs) focusing on data from 5800 course descriptions collated from 19 school at Cardiff university. Also, Smerecnik & Andersen (2011) adopt diffusion of innovations theory in their exploration of the diffusion of environmentally sustainable innovations in North American hotels and ski reports; seeking

to understand what sustainability innovations are being adopted and the variables affecting their rate of adoption.

2.8.6 Theory of Planned Behaviour (TPB)

The theory of planned behaviour was originally developed by Ajzen (1985) and represents an extension of the Theory of Reasoned Action (TRA) which was established by (Fishbein & Ajzen 1977). Both theories were developed as a tool for predicting behavioural intention in individuals. The TRA proposes that behavioural intention is a function of attitude towards behaviour and subjective norms. The TPB extends this by introducing a third construct, namely perceived behavioural control. Attitude towards behaviour refers to the individual's positive or negative feelings about executing a behaviour, while subjective norms are described as the individual's perception of whether people he/she consider important think they should engage in that behaviour. Perceived behavioural control on the other hand indicates the individual's perception of the ease or difficulty or performing the behaviour (Ajzen 1985, 1991). It is expected that a combination of attitude towards behaviour, subjective norms and perceived behavioural control leads to behavioural intention, which in turn leads to the desired behaviour.

2.8.6.1 Sustainability Studies Utilising the Theory of Planned Behaviour

Cordano, Marshall & Silverman (2010) adopt the theory of planned behaviour as their theoretical lens to examine the attitudes of SME managers to the perceptions, norms and perspectives of their stakeholders on their adoption of environmental practices and the consequent development of environmental management programs (EMP). The study is

based on data from 1234 companies in the US wine industry. Likewise, Uhlaner et al. (2012) use the theory of planned behaviour in their attempt to predict how SMEs engage in environmental practices and determine the factors that affect this engagement based on a sample of 689 Dutch SMEs; and Ramayah, Lee & Lim (2012) employ the theory to explore the factors affecting the recycling behaviour of 200 Malaysian university students.

2.8.7 Responsible environmental behaviour (REB) theory

The last theory being considered in this review is the Responsible Environmental Behaviour (REB) theory developed by Hines, Hungerford & Tomera (1987). The REB theory aims to determine the variables that are most influential for motivating individuals to engage in pro-environmental behaviour. Even though it was originally developed as an individual level theory and is generally used in research on individuals' pro-environmental or sustainability behaviour, the peculiarities of the SME context make it relevant for this research. Extant literature has continuously highlighted the penchant of small and medium sized enterprises to be run according to the personal convictions and commitments of their owner managers (Hammann, Habisch & Pechlaner 2009; Mazzarol & Reboud 2005; Revell, Stokes & Chen 2010; Reyes-Rodríguez, Ulhøi & Madsen 2014; Tilley 1999a; Williams & Schaefer 2013). As such in the SME setting business decisions, strategies and the directions they take are generally a reflection of the personal values and intuitions of their owner managers (Mazzarol & Reboud 2005; Sen & Cowley 2013; Williams & Schaefer 2013). Consequently, an individual level theory that explores the determinants of pro-environmental behaviours is/would be well aligned with the SME context.

Unlike other similar theories such as the Theory of Planned Behaviour (TPB) (Ajzen 1985) and the Norm Activation Model (NAM) (Schwartz 1977) which focus on self-interest and pro-social motives respectively, the REB views pro-environmental behaviour as a combination of self-interest and pro-social motives. It identifies pro-environmental behaviour as being a function of the 'intention to act', this being moderated by a set of 'objective situational factors' which may either encourage or hinder action towards the pro-environmental behaviour (Bamberg & Möser 2007; Hines, Hungerford & Tomera 1987). As such, it is a more extensive theory and adopts a broader view to explaining the factors that are likely to determine individuals' pro-environmental behaviour.

2.8.7.1 Sustainability Studies Utilising the Responsible Environmental Behaviour Theory

Cottrell (2003) utilised the Responsible Environmental Behaviour (REB) theory in his study into how socio-demographics and environmental attitudes affect US recreational boaters' responsible environmental behaviour. This was based on the predictors of general responsible environmental behaviour as self-reported by the recreational boaters. Similarly, Hungerford & Volk (1990) used the REB theory to explore the effectiveness of environmental education for promoting responsible citizenship behaviour while Bruyere, Nash & Mbogella (2011) employed the REB theory in their research into predicting the behavioural intentions of school teachers in Tanzania to engage in pro-environmental behaviour. In the same vein, Ojedokun (2011) used the REB theory in his exploration into whether attitudes mediate the relationship between personality attributes and responsible environmental behaviour based on survey data from 1360 residents in Ibadan, Nigeria.

2.8.8 The Triple Bottom Line (TBL)

The triple bottom line concept was developed by Elkington (1997) in his book, 'Cannibals with Forks: Triple Bottom Line of 21st Century Business. It originated as an accounting framework that incorporates three dimensions, economic, social and environmental to measure business performance. Therefore within this framework, business performance and success is evaluated not just on profits, but on environmental protection as well as social responsibility. The dimensions of the Triple Bottom Line are also commonly referred to as the three Ps i.e. People, Planet and Profit or the 'three pillars of sustainability' (Tsai & Chou 2009).

The Triple Bottom Line and its dimensions align well with and succinctly describe the goal of sustainability as proffered by the Brundtland Report (Carter & Rogers 2008; Houda & Said 2011). The report makes mention of a need to for businesses to focus not just on economic growth, but also on achieving sustainability in terms of society and the environment (Brundtland 1987). Businesses achieve sustainability when they live up to the 'triple bottom line' by engaging in activities that simultaneously achieve economic prosperity, environmental quality and social justice (Elkington 2006).

Economic Dimension (Profit)

The economic dimension of the TBL aligns with traditional modes of business performance evaluation where performance or success is measured in terms of financial gains. It refers to the economic value accruing to the company after deducting the costs of all inputs, production or manufacturing costs (Cruz & Wakolbinger 2008).

Social Dimension (People)

The focus of this dimension is on how business' activities benefit both their internal communities such as employees and external communities such as consumers or customers and the local communities in which they are based (Pullman, Maloni & Carter 2009). According to Elkington (1994), social sustainability means that businesses provide equitable opportunities, encourage diversity, promote connectedness both within and outside the community, ensure quality of life and provide democratic processes and accountable governance structures. In a nutshell, businesses need to engage in fair and beneficial business practices toward labour, as well as the community and regions in which they are located.

Environmental Dimension (Planet)

This refers to environmentally responsible practices businesses engage in while carrying out their day to day operations. To comply with the requirements of this dimension, businesses must not only engage in efficient use of energy and other resources, but must also be mindful of the footprint they leave behind as a result of their operations. Activities that represent this include waste reduction, pollution reduction, energy efficiency, emissions reduction and decrease in the use of hazardous or toxic materials (Gimenez, Sierra & Rodon 2012). The aim is for businesses' activities to benefit the environment as much as possible or at the very least minimise environmental impact.

2.8.8.1 Sustainability Studies Utilising the Triple Bottom Line Theory

Govindan, Khodaverdi & Jafarian (2013) used the Triple Bottom Line approach to develop a model for assessing the social, environmental and economic criteria for supplier evaluation in supply chain settings. This was done by introducing a fuzzy MCDM approach to supplier selection with consideration of sustainability criteria. In a different context, Dixon & Clifford (2007) applied the Triple Bottom Line approach to their case study research into how ecopreneurs can create economically viable businesses whilst retaining their core environmental and social values. Based on this approach, their findings indicated a strong link btw entrepreneurialism and environmentalism.

Following the abductive approach employed for this study, the theoretical underpinning utilised in this research was not determined a priori. In line with the 'theory matching' process synonymous with abduction, it was introduced after some of the data had been collected and analysed and there was a clear idea of which theory/theories would be appropriate to suitably underpin the research. It also formed the basis of the theoretical framework developed to explore the factors affecting the corporate sustainability behaviour of UK manufacturing SMEs. Therefore, the theoretical underpinning for this study is covered in the Framework chapter, Chapter Five, after discussing the data analysis for the study in Chapter Four.

2.9   Gaps Identified from the Literature Review

Based on an extensive review of the business and management literature on the subject of corporate sustainability in small and medium sized enterprises, the following gaps were identified:

2.9.1   Narrow Scope of Factors Identified as Affecting SMEs' Corporate Sustainability Behaviour

All in all, the studies reviewed in section 2.7 above have not adopted a holistic view of factors affecting SMEs' corporate sustainability behaviour in any one study. Instead they have each focused on specific, isolated aspects that could impact this behaviour such as stakeholder influence, regulations, business performance, managerial attitudes etc. Also, except for the study by Williamson, Lynch-Wood & Ramsay (2006), there has been limited focus on exploring this subject in the context of UK manufacturing SMEs. Additionally, while it is agreed that stakeholder influence represents a strong catalyst for change in behaviour towards corporate sustainability in the SME context, considering the peculiarities of SMEs, a whole range of other factors beyond stakeholder influence exist that could affect their corporate sustainability behaviour. As SMEs are crucial to the achievement of societal sustainability goals and there may be other factors relevant to their corporate sustainability behaviour, it is necessary for steps to be taken to address this gap.

2.9.2 Limited Inclusion of SMEs in the Corporate Sustainability Debate

Though a lot has been written on the subject of sustainability as it relates to businesses, the literature on corporate sustainability in the SME context is relatively sparse. SMEs seem to have been largely neglected in the debate with the main focus being on the corporate sustainability behaviours and exploits of larger organisations or Multi-National Corporations (MNCs) instead (Battisti & Perry 2011; Hall, Daneke & Lenox 2010; Hillary 2000). The belief is that since these companies are much larger and more visible, it is easier for the attention to be focused on them (Howarth & Fredericks 2012; Moore & Manring 2009). Also, in terms of reputation and goodwill, such companies stand to lose much more than SMEs if their corporate sustainability appears to be in doubt, thereby making them prime targets for attention (Battisti & Perry 2011; Sen & Cowley 2013). Furthermore, even the leading entrepreneurship and small business journals have produced limited publications on sustainability in SMEs (Amui et al. 2017; Hall, Daneke & Lenox 2010). As the corporate sustainability behaviour of SMEs is central to the achievement of the overarching goal of sustainability, there is a need for steps to be taken to address this gap by adopting a more inclusive stance towards SMEs' corporate sustainability in the business and management literature.

2.9.3 A Focus on the Environmental Dimension of Sustainability, Neglecting the Social Dimension

The majority of literature on corporate sustainability has focused more on the environmental dimension of corporate sustainability with little or no attention given to the social dimension (Gadenne, Kennedy & McKeiver 2009; Hillary 2000; Hsu & Cheng 2012;

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Revell & Blackburn 2007; Tilley 1999a). This negates the essence of corporate sustainability which encompasses, social, environmental and economic considerations in the way organisations conduct their business (Banerjee 2011; Elkington 2006; Gimenez, Sierra & Rodon 2012; Glavič & Lukman 2007). Adopting this myopic view to corporate sustainability is particularly concerning in terms of SMEs as by being community based businesses or social enterprises and the majority employer of private sector businesses they are well suited to engage in social sustainability (Battisti & Perry 2011; Cordano, Marshall & Silverman 2010; Vickers & Lyon 2014). A non-focus on the economic dimension of corporate sustainability is generally understandable as the traditional goal of any business is to make profit and businesses would inadvertently make every effort to ensure that goal is met (Davis 1973; Esfahbodi et al. 2016; Morris, Schindehutte & Allen 2005; Teece 2010; Vickers & Lyon 2014). Overall, a more holistic approach to studying the concept of sustainability in businesses is required to ensure an appropriate balance amongst all three dimensions in the literature.

2.9.4   Paucity of Research Addressing SMEs' Corporate Sustainability Issues

Extant literature is rife with publications highlighting the issues faced by SMEs in engaging in corporate sustainability (Gadenne, Kennedy & McKeiver 2009; Revell & Blackburn 2007; Tilley 1999b), but limited research efforts have been made to address these issues, particularly from the SMEs' perspective. As highlighted both by literature (Aragón-Correa et al. 2008; Hillary 2000; Klewitz & Hansen 2014; Williamson, Lynch-Wood & Ramsay 2006), and independent reports (BIS Statistical Release, 2015; Office of National Statistics, 2014), SMEs represent the majority of private sector businesses and produce up to 70% of

industrial waste therefore their involvement in sustainability is crucial to its success. Accordingly, it is necessary to take proactive steps to improve SMEs' corporate sustainability behaviour and encourage a more receptive attitude towards it.

2.9.5 Dearth of Research Proposing SME-Specific Recommendations for Sustainability

Where literature has explored corporate sustainability in SMEs (Cassells & Lewis 2011; Fassin, Van Rossem & Buelens 2011; Nejati, Amran & Ahmad 2014; Revell, Stokes & Chen 2010; Tomšič, Bojnec & Simčič 2015; Witjes, Vermeulen & Cramer 2016), most have treated SMEs as scaled down versions of larger companies (Hillary 2000; Tilley 1999a; Tomšič, Bojnec & Simčič 2015), not taking into consideration their unique features and characteristics. Specifically, solutions and recommendations developed for larger companies or MNCs have been passed on to SMEs (Battisti & Perry 2011; Hillary 2000; Russo & Tencati 2009; Tilley 1999b; Williams & Schaefer 2013). These have proved inappropriate and ineffective for the SME context thereby making the subject of corporate sustainability even less appealing to SMEs. It is evident that a one-size-fits–all approach to operationalizing corporate sustainability in businesses will not work; therefore it is necessary to explore providing solutions and recommendations that are tailored specifically to the SME context.

2.9.6 Limited Attempts to Breach the Gap between SMEs' Recognition of the Value of Corporate Sustainability and the Actions they take

According to the UN report titled 'Sustainable Development: From Brundtland to Rio 2012' (2010), even though world leaders accept and commit to the concept of sustainability, there

is still a huge gap between this acceptance and actual implementation. This has trickled down into businesses, especially small and medium sized enterprises. One of the issues consistently highlighted in the literature is the persistent disparity between corporate sustainability awareness and requisite action, particularly in SMEs (Johnson & Schaltegger 2015; Revell, Stokes & Chen 2010; Tilley 1999a; Williamson, Lynch-Wood & Ramsay 2006). This significant variation between SMEs' appreciation of corporate sustainability issues and the actions taken which has been labelled as the 'value-action gap' by Revell, Stokes & Chen (2010) has also been highlighted by other recent studies (Robertson 2014; Tomšič, Bojnec & Simčič 2015; Wilson, Williams & Kemp 2012). As SMEs are crucial to the achievement of the overall sustainability goals, it is necessary to take actions to bridge this gap by engaging with SMEs to develop feasible solutions that encourage their corporate sustainability behaviour.

One of the main gaps identified from the review are a need for a more holistic view of factors affecting SMEs' corporate sustainability behaviour that is not limited to stakeholder influence alone. Majority of the reviewed literature on factors affecting businesses' corporate sustainability behaviour have highlighted stakeholder influence as a crucial factor however, few papers have identified other factors. Furthermore, majority of corporate sustainability research have focused on the environmental aspects of sustainability giving little attention to its social aspects. This is particularly significant in the SME context as SMEs are an essential part of the communities they operate in and as such, are well positioned to engage in social sustainability. There is therefore a need for research to take a holistic approach to corporate sustainability in SMEs i.e. considering economic, social and environmental aspects, particularly the social aspect. Overall, the review highlights a need for research to make an attempt to proffer solutions to SMEs' sustainability issues from the SMEs' perspectives and thereby tailor those solutions specifically to the SME context.

To contribute to addressing these gaps, this study adopts a broad based approach to exploring the corporate sustainability behaviour of UK manufacturing SMEs, going beyond stakeholder influence alone to explore other factors that would affect SMEs' corporate sustainability behaviour. It also takes into consideration not just the environmental aspects of sustainability in the SME context, but also the social aspects. As the study is conducted from the SMEs' perspectives, it is expected that the outputs of the research will result in SME-specific solutions and recommendations that would be feasible and realistic for the SME context.

2.10   Conclusion of Literature Review

Overall, this literature review has given an insight into the key subjects being studied in this research, namely corporate sustainability, small and medium sized enterprises (SMEs) and stakeholders, highlighting their potential to influence sustainability in the SME context. It has also highlighted the gaps in extant literature on this subject and provided an overview of relevant theories commonly in used in corporate sustainability research. As mentioned above, in line with the abductive approach adopted for this study, the specific theoretical underpinning applied to this study will be discussed after the data analysis has been detailed i.e. in Chapter Five, Theoretical Framework.

In line with the gaps identified so far and the aim and objectives of this research, the research questions set to be answered by this study are reiterated below:

1. How are UK SMEs currently engaging in corporate sustainability?

2. As understood from UK manufacturing SMEs' perspectives, what are the main factors that will affect their improved corporate sustainability behaviour?

3.0 Chapter 3 – Research Methodology

3.1 Overview

This chapter gives details of the methodology employed for this study as well as the research process followed. Research methodology consists of the choices researchers make about what cases to study, methods of gathering data, techniques of data analysis and other such decisions made in planning and executing a research study (Silverman, 2006). It encapsulates the theory of how research should be undertaken, including the theoretical and philosophical assumptions upon which research is based and the implications of these for the method or methods adopted (Saunders, Lewis & Thornhill 2009). As such, before discussing the research design implemented in this study, it is necessary to specify the philosophical stance adopted by the researcher as this underpins the entire methodological approach of the study. Figure 3.1 below illustrates the methodology employed for this research.

Figure 3.1: Research Methodology

The chapter starts with an overview of philosophical considerations that obtain in research before discussing the philosophical perspective adopted for this study i.e. interpretivism. It then goes on to give details of the research strategy employed in this study, its research approach, choice of methods, data collection and analysis techniques, sampling strategy as well as its ethical considerations.

3.2   Philosophical Perspective for this Study – Interpretivism

As researchers' philosophical stances and their views of how research should be conducted affect the research process, it is important to give careful consideration to this before embarking on any research project (Bryman 2012). According to Guba & Lincoln (1994), gaining an understanding of research paradigms is the first and most critical step in any

researcher's journey as it influences choices of data collection, analysis, interpretation, findings and the research process in its entirety (Denzin & Lincoln 2000a). A paradigm represents a basic set of beliefs that guide the researcher's investigation, not only in selecting what methods to use, but also in ontologically and epistemologically fundamental ways (Guba & Lincoln 1994). Paradigms embody four main concepts – ontology, epistemology, axiology and methodology (Lincoln & Guba 2000).

There are two main philosophical stances adopted in academic research – **positivism** and **interpretivism**. Table 1 below gives an overview of these two philosophical stances highlighting their various attributes and serves as a background for justifying this study's philosophical perspective of **interpretivism**.

Table 3.1: Attributes of the Positivist and Interpretivist paradigms (Adapted from Guba & Lincoln, 2000; Easterby-Smith et. al., 2012; and Bryman, 2012)

Attributes	Research Philosophy	
	Positivism	Interpretivism
Ontology: Assumptions about the nature of reality	Reality is external, objective with independent actors. Can be understood with appropriate methods.	Subjective in nature; no one truth; instead many 'truths' dependent on the observer's viewpoint. Different observations can emerge from the study of a single phenomenon.
Epistemology: Assumptions about the theory of knowledge and ways of inquiring into the world	Objectivism. Focuses on establishing findings as true.	Subjectivist – believes social phenomena are created from the perceptions and actions of social actors and are in a constant state of revision; emphasises the interaction between researcher and subject of study.
Methodology: Defines how the researcher will go about studying the phenomenon of interest	Mainly quantitative; experimental or manipulative techniques, verification of hypothesis, correlational survey designs and quantitative statistical analysis.	Employs predominantly qualitative methods such as grounded theory, case studies, qualitative interviewing and ethnography as they are well suited to gaining the perspectives of social actors in their natural settings.
Methods: Techniques employed for data collection, analysis etc.	Uses quantitative research methods; seeks to align social research to scientific research. Experimental designs and surveys involving large samples so as to aid with generalisations.	Employs predominantly qualitative methods such as grounded theory, case studies, qualitative interviewing and ethnography as they are well suited to gaining the perspectives of social actors in their natural settings.
Data Collection: Main data collection techniques employed with each paradigm	Structured interviews, measurements, self-administered questionnaires with large sample sizes.	Unstructured and semi-structured interviews, focus groups, field notes and diaries with small sample sizes to enable extensive analysis of each case.
Data Analysis: Main data analysis techniques used with each paradigm	Quantitative methods such as content analysis. Uses statistical tools such as SPSS employing techniques like regression analysis, structural equation modelling (SEM) and multivariate analysis.	Uses analytic induction, grounded analysis, thematic analysis, narrative analysis. Computer Aided Qualitative Data Analysis Software (CAQDAS) also used to facilitate ease of analysis. E.g. NVIVO, ATLAS Ti.

| Attributes | Research Philosophy | |
	Positivism	Interpretivism
Strengths: Strengths of each paradigm	Provides wide coverage of a range of situations; largely value-free; speedy and cost efficient; generalizable.	Focuses on understanding people in their natural settings and seeing social phenomena from their perspectives; ability to investigate change processes over time; adopts a more natural approach to data gathering; has the flexibility to adjust to new issues and ideas as they emerge; can contribute to new theory generation.
Weaknesses: Weaknesses of each paradigm	Methods are inflexible and artificial; not useful for understanding processes or the significance people attach to them; not suited to theory generation; not useful for inferring future changes.	Data collection can be very time consuming and resource intensive; analysis and interpretation of data can be difficult and is highly dependent on the researcher's knowledge and experience; due to its subjective nature, policy makers may consider the findings to have low credibility; its relative lack of structure makes it feel very untidy as it is much harder for researchers to control their pace, progress and end points.

3.2.1   Why Interpretivism?

The interpretivist paradigm is synonymous with qualitative research and is usually seen as the alternative to positivism (Bryman 2012). It differentiates human or social actors from physical objects by recognising the meanings that they bring to their actions. Therefore, in order to understand social actions, the inquirer must grasp the meanings that constitute those actions (Lincoln & Guba 2000) by going beyond just understanding the actions to understanding why such actions are taken.

Interpretivism seeks to observe social actors in their natural settings and understand phenomena from their point of view, therefore accepting multiple viewpoints and multiple interpretations of these social phenomena. In line with this philosophical stance, the nature of reality is acknowledged as subjective and it emphasises the interaction between the researcher and the subject of the research; in this case UK manufacturing SMEs.

As corporate sustainability in small and medium sized enterprises is a relatively under researched area (Hsu & Cheng 2012; Ki-Hoon 2009; Park & Ghauri 2015; Witjes, Vermeulen

& Cramer 2016), an exploratory approach following the interpretivist paradigm was chosen for this study. This enabled achieving the study's aim and objectives as well as answering its research questions. The main aim of this study is to explore from UK manufacturing SMEs' perspectives the factors affecting their corporate sustainability behaviour. The interpretivist paradigm enables the researcher to view the phenomenon of study through the 'eyes' of the subjects and is also flexible enough to allow for multiple points of view on the same phenomenon. In this context, it allows the researcher to 'see' the subject of corporate sustainability through the eyes of the subjects, i.e. UK manufacturing SMEs; and to understand from their perspectives, not just the actions they take or don't take towards corporate sustainability, but also the reasons for this.

Furthermore, because of its flexibility, it is able to not only entertain differing viewpoints from UK manufacturing SMEs on the subject of corporate sustainability, but also accommodate new ideas or concepts that may emerge in the course of the research. According to Easterby-Smith, Thorpe & Jackson (2012), one of the key features of qualitative research is that it gives the researcher an opportunity to influence the world of the subjects either independently or collaboratively i.e. the researcher can impact their world without their input or by collaborating with them to bring about change. One of the objectives of this research is to propose recommendations for encouraging corporate sustainability behaviour in the UK manufacturing SME context; therefore the understanding gained through adopting the interpretivist/qualitative approach would enable the proposal of appropriate SME-specific recommendations that would be more applicable to UK manufacturing SMEs.

As can be seen from table 3.1 above, the central theme of positivism is that the social world exists externally and its properties should be measured through objective methods

(Easterby-Smith, Thorpe & Jackson 2012). It promotes the use of natural science methods in the study of social reality and beyond (Bryman 2012). Positivist forms of inquiry are generally used to ascertain cause and effect between variables, operationalize theoretical relations, measure and quantify phenomena and are useful for generalising findings (Flick 1998). According to proponents of this paradigm, 'Genuine' knowledge is categorised as knowledge derived from the use of the senses (Bryman 2012) and the result of such research tends to be law-like generalisations as can be found in the physical and natural sciences (Remenyi 1998). It takes the position of there being an absolute reality that can be studied, captured, and understood. Quantitative methods are the popular mode of enquiry employed within this paradigm and it has the advantage of being less time consuming, less resource intensive, able to use large samples and produce more generalizable findings.

Taking into consideration the context of this study, its research questions, aim and objectives, it is clear that the positivist perspective with its notion of one absolute truth or reality is inapplicable to this study. Also, its inflexibility, structured approach and inability to understand processes or the significance people attach to them negate its usefulness for this particular study. Even though the interpretivist perspective is more time and cost intensive, uses limited sample sizes, and is therefore less generalizable to other contexts, it is appropriate for this research as the aim of the study is to generate rich data that are capable of generating findings suited specifically to the UK manufacturing SME context.

3.3   Research Strategy - Qualitative Inquiry

The aim of this study is to explore from UK manufacturing SMEs' perspectives the factors affecting their corporate sustainability behaviour. In line with the philosophical stance of

this study, and to effectively achieve this aim, a qualitative approach was followed. This enables better understanding of social or human problems based on building a complex, holistic picture with words to report the various views of informants in their natural setting (Creswell 2012). Also, qualitative research is considered as ideal for interpreting the opinions and experiences of participants in particular settings (Denzin & Lincoln 2000b). The approach is unique in its ability to help researchers 'see' the subject of investigation through the eyes of their participants. It also emphasises vivid description and is characterised by a more flexible structure which allows the researcher to adapt to changes that may emerge as the research progresses (Bryman 2012). In contrast to quantitative research which is very structured and inflexible, the flexibility of qualitative research as well as its ability to accommodate the multiple perspectives of social actors about the subject being researched makes it ideal for exploring SMEs' opinions and perspectives of the factors that affect their corporate sustainability behaviour.

3.4   Research Approach - Abductive

Generally speaking, three main approaches can be taken to academic research, namely the deductive approach, the inductive approach and the abductive approach. All three approaches relate to the nature of the relationship between theory and research i.e. the central focus is on the role of theory and how it will be used in the research (Bryman 2012). So, does theory guide the research (deductive approach), is theory an outcome of the research (inductive approach), or is the output of the research theory elaboration or theory refinement (abductive approach) (Ketokivi & Choi 2014; Voss, Tsikriktsis & Frohlich 2002)?

For this research the abductive approach was followed and this resulted in a final outcome of theory elaboration.

With deductive approaches, the researcher begins with a predetermined theory, deducts hypothesis from the theory and drives the process of data collection on the basis of that hypothesis (Bryman 2012). This approach is generally synonymous with positivist research designs. The Inductive approach on the other hand is synonymous with interpretivist research designs and is more or less the opposite of the deductive approach. In this case, data is used to generate or build theory and theory is the outcome of the research (Bryman 2012). The abductive approach combines features from both the inductive and deductive approaches. With this approach, even though the researcher is required to be extremely conversant with existing theories, as in the inductive approach the researcher is not required to commit to any theory prior to data collection. Based on the findings, a theory is identified to appropriately frame the findings of the research. Where no general theory is able to adequately frame the findings, it allows for the theory to be elaborated by introducing new constructs or merging it with another theory to make it more appropriate for the context being studied. It promotes a continuous iteration between the data, theory and extant literature while identifying and elaborating the theory. At the end of this process, it is expected that as with the deductive approach, the 'new' theory generated as a result of this elaboration will later be tested to establish its validity or otherwise (Ketokivi & Choi 2014; Voss, Tsikriktsis & Frohlich 2002).

As mentioned at the beginning of this thesis, this study was conducted in two parts: the preliminary study and the main study. The preliminary study as it was conducted as a purely exploratory study to ascertain the feasibility of the study and get a broad sense of UK manufacturing SMEs' perspectives on their corporate sustainability behaviour. As such no

theoretical underpinning was identified a priori and data from that part of the study were analysed based on a purely data-drive approach. Based on the findings and analysis of the preliminary study, as well as an extensive literature review, a suitable theoretical lens was identified as best suited for underpinning the rest of the study. As the theoretical lens was determined after the data analysis in line with the abductive approach employed in the study, details of the theoretical underpinning for the study are provided in the Theoretical Framework chapter, Chapter Five.

Employing this theoretical lens for this study allowed for a more flexible approach overall as well as the development of a more robust theoretical framework for exploring the factors affecting UK manufacturing SMEs' corporate sustainability behaviour. It also enabled theory elaboration with the data gathered through interacting with participants and the themes that emerged from their perceptions, opinions and views on the factors affecting their corporate sustainability behaviour.

3.5   Unit of Analysis and Justification

The unit of analysis of a study is described as the main level at which data is aggregated and the entity that forms the basis of any sample (Easterby-Smith, Thorpe & Jackson 2012). It can also be seen as the entity on which the interpretation of the study will focus (Boyatzis 1998). Various entities can be used as units of analysis but common examples include individuals, families, groups, events, organisations, countries etc. Most research collates data on the basis of a single unit of analysis but it is possible for a study to have more than one unit of analysis if the theoretical aims of the research justify this (Easterby-Smith, Thorpe & Jackson 2012).

This study is based on a single unit of analysis which is the individual organisation: in this case UK manufacturing Small and Medium Enterprises. To this end, data were collected from owner/managers of the UK manufacturing SME sample used for this study.

Owner/managers were chosen as the key informants for the research because of the peculiarities of the SME context. Decision making in SMEs tend to revolve around their owner/managers as they maintain full control - one or two people make all the critical management decisions (Reyes-Rodríguez, Ulhøi & Madsen 2014; Sen & Cowley 2013). In SMEs, management teams are strongly influenced by the owner managers and their strong desire to remain independent. They are characterised by highly centralised management structures, limited number of hierarchical levels and are strongly influenced by the owners' personal values and intuitions (MacMillan 1975; Mintzberg 1979; Reyes-Rodríguez, Ulhøi & Madsen 2014). Therefore, as the information required related to how the business was operated and managed in terms of sustainability and their sustainability practices, the owner/mangers represented the most viable source.

3.6 Sampling Strategy for This Study

Sampling must be carefully considered in the planning process of any research project. As it is not usually possible to study an entire population in any one piece of research, it is important to select a sample from that population. A sample is a segment of a population segmented for research from which inferences are drawn based on evidence (Bryman 2012; Easterby-Smith, Thorpe & Jackson 2012).

Sampling in research generally falls into two main categories – probability sampling and purposive sampling (Bryman & Bell 2015). Probability sampling strategies are used more in

quantitative research designs while purposive sampling strategies are largely the domain of

qualitative research. In probability sampling, the aim is to select a sample that is

representative of the population so as to allow for generalisations of the final results.

Examples of probability sampling strategies are Random Sampling, Systematic Sampling,

Stratified Random Sampling and Multi-stage Random Sampling (Bryman & Bell 2015). Some

forms of non-probability sampling also popular in quantitative research are Convenience

Sampling and Quota Sampling.

Purposive sampling on the other hand is not based on the notion of representativeness as it

does not aim for generalisation, but on the sample being appropriate for the purpose of the

study (Bryman 2012). Purposive sampling strategies as described by Bryman & Bell (2015)

consist of Theoretical Sampling, Generic Purposive Sampling and Snowball Sampling.

Theoretical sampling entails selecting samples based on their relevance to the researcher's

theory development while snowball sampling is a form of convenience sampling in which

the researcher establishes contact with respondents relevant to the research topic and then

uses them to establish contact with other similar respondents. The generic purposive

sampling strategy involves selecting samples on the basis of their relevance to the research

topic of the study (Bryman & Bell 2015).

This study employs the generic purposive sampling technique as it is best suited to the

context of this study. For the purpose of this research, the sampling strategy used is

subsequently described as purposive sampling. As the study centres on exploring the factors

affecting UK manufacturing SMEs' corporate sustainability behaviour, the samples were

drawn from the population of UK manufacturing SMEs. In particular, participants were

recruited from SMEs located in the South East of England as this region has seen continuous

increase in SME businesses over the last few years and has also recorded the highest

business density rate in the UK (BIS 2010, 2013, 2014, 2015, 2016). This proliferation has been as a result of continued economic growth in SMEs located in that region, making them a viable sample for this study.

SMEs were identified as businesses having between 1 and 249 employees in line with the European Commission definition (Lukács 2005). As research has shown that SMEs are run predominantly in line with the norms, attitudes and beliefs of their owner/managers and decision making is strongly influenced by owner/managers (Fassin, Van Rossem & Buelens 2011; Roxas & Coetzer 2012; Williams & Schaefer 2013), owner/managers from the SMEs accessed were interviewed. Owner/managers sampled were 44 years old on average and had been operating their businesses for an average of eight years.

3.6.1   Purposive Sampling

With purposive sampling, samples are not selected with the aim of generating theory or theoretical categories, but on the basis of their ability to provide answers to the research questions of the study. It is a non-probability sampling strategy that can be employed in a sequential or fixed manner and allows for the selection criteria to either be fixed a priori or contingent or a mixture of both (Bryman 2012).

The main advantage of purposive sampling is that it enables the researcher to recruit participants who are able to answer the research questions of the study and ultimately achieve its aims and objectives. Its main limitation is that its findings cannot be generalised to the entire population. Instead, findings are reflective of contexts similar to the one studied (Bryman 2012). As the findings of this research are not aimed at statistical generalisations, purposive sampling is well suited to this study.

The ability to gain access to the selected sample for a research study is of crucial importance and an area generally underestimated by researchers (Easterby-Smith, Thorpe & Jackson 2012). For this study, participants were accessed primarily through networking at business events held by local councils and local Chambers of Commerce targeted at small and medium businesses.

The sample of respondents for both phases of the study is shown in the tables below. The preliminary study participants consisted of ten SME owner/managers from a cross-section of manufacturing SMEs in the South Eastern region of the UK while the main study participants were thirty SME owner/managers from the same industry and region. Similarly, the twelve participants for the focus group were SME owner/managers recruited from the same industry and geographical location.

Table 3.2: Classification of participants for preliminary study

	AGE-GROUP	GENDER	EDUCATION	INDUSTRY	EMPLOYEES	YEARS OF EXPERIENCE
P1	35 - 44	Male	University	Building Materials	1 to 50	5 to 10
P2	45 - 54	Male	University	Apparel Manufacturing	1 to 50	10 to 15
P3	35 - 44	Female	College	Food Manufacturing	51 to 249	10 to 15
P4	45 - 54	Male	College	Food Manufacturing	1 to 50	5 to 10
P5	35 - 44	Female	College	Food Manufacturing	1 to 50	1 to 5
P6	35 - 44	Female	University	Apparel Manufacturing	51 to 249	5 to 10
P7	35 - 44	Male	University	Furniture Manufacturing	1 to 50	5 to 10
P8	25 - 34	Female	University	Food Manufacturing	1 to 50	1 to 5
P9	45 - 54	Male	University	Building Materials Manufacturing	51 - 249	10 to 15
P10	35 - 44	Male	University	Apparel Manufacturing	1 to 50	5 to 10

Table 3.3: Classification of individual interview participants for main study

	AGE-GROUP	GENDER	EDUCATION	INDUSTRY	EMPLOYEES	YEARS OF EXPERIENCE
P1	35-44	Female	College	Food Manufacturing	1 to 50	5 to 10
P2	45-54	Male	College	Furniture Manufacturing	51 to 249	10 to 15
P3	35-44	Male	College	Furniture Manufacturing	1 to 50	5 to 10
P4	25-34	Female	University	Apparel Manufacturing	1 to 50	1 to 5
P5	45-54	Male	College	Food Manufacturing	1 to 50	15 to 20
P6	35-44	Male	University	Paper Stationery Manufacturing	50 to 249	10 to 15
P7	35-44	Female	University	Food Manufacturing	50 -249	5 to 10
P8	45-54	Female	University	Furniture Manufacturing	50 to 249	5 to 10
P9	35-44	Male	University	Labels Manufacturing	1 to 50	5 to 10
P10	25-34	Male	College	Paper Stationery Manufacturing	1 to 50	5 to 10
P11	55-64	Male	College	Food Manufacturing	1 to 50	15 to 20
P12	45-54	Female	College	Apparel Manufacturing	51 to 249	10 to 15
P13	35-44	Male	University	Footwear Manufacturing	1 to 50	5 to 10
P14	45-54	Female	University	Food Manufacturing	1 to 50	10 to 15
P15	35-44	Male	College	Building materials Manufacturing	50 to 249	10 to 15
P16	35-44	Male	College	Food Manufacturing	1 to 50	5 to 10
P17	35-44	Male	University	Furniture Manufacturing	1 to 50	5 to 10
P18	45-54	Male	College	Furniture Manufacturing	50 to 249	15 to 20
P19	25-34	Male	College	Apparel Manufacturing	1 to 50	1 to 5
P20	35-44	Female	College	Food Manufacturing	1 to 50	10 to 15
P21	55-64	Male	College	Paper Stationery Manufacturing	1 to 50	15 to 20
P22	45-54	Male	University	Food Manufacturing	1 to 50	10 to 15
P23	35-44	Male	University	Furniture Manufacturing	1 to 50	5 to 10
P24	45-54	Female	University	Footwear Manufacturing	1 to 50	5 to 10
P25	35-44	Female	University	Apparel Manufacturing	1 to 50	10 to 15
P26	25-34	Female	College	Labels Manufacturing	1 to 50	5 to 10
P27	35-44	Male	College	Paper Stationery Manufacturing	50 to 249	10 to 15
P28	45-54	Female	College	Food Manufacturing	1 to 50	10 to 15
P29	35-44	Female	University	Apparel Manufacturing	1 to 50	5 to 10
P30	55-64	Male	College	Food Manufacturing	50 to 249	15 to 20

Table 3.4: Classification of focus group participants for main study

	AGE-GROUP	GENDER	EDUCATION	INDUSTRY	EMPLOYEES	YEARS OF EXPERIENCE
F1	25-34	Male	College	Furniture Manufacturing	1 to 10	10 to 15
F2	35-44	Female	College	Lighting Manufacturing	51 to 250	10 to 15
F3	35 - 44	Male	College	Lighting Manufacturing	51 to 250	5 to 10
F4	25-34	Male	University	Cooling and Heating Systems Manufacturing	51 to 250	15 to 20
F5	45 - 54	Female	College	Furniture Manufacturing	11 to 50	15 to 20
F6	55 - 64	Male	University	Cooling and Heating Systems Manufacturing	51 to 250	10 to 15
F7	55 - 64	Male	University	Furniture Manufacturing	51 to 250	5 to 10
F8	35 - 44	Female	University	Video Systems Manufacturing	11 to 50	5 to 10
F9	55 - 64	Male	College	Food Manufacturing	51 to 250	10 to 15
F10	45 - 54	Female	College	Furniture Manufacturing	51 to 250	15 to 20
F11	45 - 54	Male	University	Cooling and Heating Systems Manufacturing	11 to 50	10 to 15
F12	35 - 44	Female	College	Food Manufacturing	1 to 10	1 to 5

3.7   Research Method – Qualitative Interviewing

Following the interpretivist perspective, a number of research methods are available for the researcher's use, namely case studies, qualitative interviewing, grounded theory, ethnography, or action research. For the purpose of this study, the qualitative interviewing method has been chosen. Qualitative interviewing is based on conversation and it aims to obtain descriptions of the lived world of the interviewees giving cognisance to their individual interpretations of the meaning of the described phenomena (Kvale 1996). It provides a means for gathering rich and detailed information on how interviewees experience, understand and explain events in their lives. Qualitative interviewing goes beyond the interviewer identifying the participant's viewpoint, but also gains insights into why the participant has that particular viewpoint (Easterby-Smith, Thorpe & Jackson 2012; King 2004).

Easterby-Smith, Thorpe & Jackson (2012), highlight situations in which qualitative interviews are appropriate as follows:

- Where the researcher needs to understand the constructs that participants base their opinions about a particular matter or belief on

- Where the researcher sets out to develop an understanding of the respondent's 'world' in order to influence it either independently or collaboratively

- Where the logic of a situation is unclear, the subject of study is highly confidential or commercially sensitive and the confidentiality of a one-to-one situation is required for the interviewee to respond truthfully

As the aim of this study is to explore the factors that affect UK manufacturing SMEs'
corporate sustainability behaviour, the qualitative interviewing method has been deemed
appropriate to the study. The main features of qualitative interviewing that make it suitable
for this study are:

- It gives the researcher an insight into the participants' world that enables
  understanding of the subject matter from the participants' perspective – in this case,
  it enables in-depth understanding of corporate sustainability from the perspective of
  UK manufacturing SMEs

- It enables the researcher understand why the participants adopt a particular
  perspective – it enables a rich understanding of the reasons for UK manufacturing
  SMEs' corporate sustainability behaviour

- It provides an in-road for the researcher to influence the participants' world either
  independently or collaboratively – it affords an opportunity to gain insights that will
  be instrumental to understanding the factors that affect UK manufacturing SMEs'
  corporate sustainability behaviour and proposing recommendations for
  improvement of this behaviour

3.8   Data Collection Techniques

As the aim of qualitative research is to see the world through the eyes of the subjects of the
research, methods which involve direct contact and interaction with subjects in their natural
settings are favoured for data collection. To this end, data for both the preliminary and main
parts of this study were collected through interviews. Majority of these interviews were
conducted face to face and one was telephone based.

According to Fontana & Frey (2000), interviewing is one of the most common and powerful ways by which we try to understand our fellow human beings. Interviews mostly involve face-to-face, individual interactions but can sometimes take the form of face-to-face group interactions or are conducted via telephone (Fontana & Frey 2000). They are considered to be the most widely used form of data collection in qualitative research (Bryman 2012; Fontana & Frey 2000). One main reason for their popularity is that they afford researchers varying degrees of flexibility in the data collection process. With interviews, researchers are able to probe new ideas or themes that emerge in the course of the interview to gain a more detailed understanding of the subject or possibly adjust the research to take account of significant issues that develop. It is a useful tool for researchers to obtain a rich, in-depth, experiential account of an event or episode in the life of the respondent and it produces a true and accurate picture of participants' lives (Fontana & Frey 2000).

There are four main types of interviews used in research, namely, structured interviews, unstructured interviews, focus group interviews, and semi-structured interviews. For this study, semi-structured interviews and focus group interviews were used as they were best suited to achieving the aim and objectives of the study. Each one is briefly discussed below.

3.8.1   Semi-Structured Interviews

Semi-structured interviews combine some of the structure of unstructured interviews and the flexibility of unstructured interviews. Even though some open-ended questions are prepared in advance (the interview guide) according to the main themes that are to be explored in the interview, it is flexible enough to allow for new questions to be introduced in line with participants' responses. Its aim is to provide insights and understanding into

how research participants view their world (Bryman 2012). This approach gives participants the opportunity to freely discuss their opinions and experiences on the topic without restriction.

Semi-structured interviews are used to obtain descriptions of the life world of the interviewee with respect to interpreting the meaning of the described phenomena (Kvale 1996). In order to gain rich insights into UK manufacturing SMEs' opinions, experiences and understandings of the subject of corporate sustainability as it relates to them and the factors affecting their corporate sustainability behaviour, semi-structured interviews were used as the form of data collection for both the preliminary and main parts of this study. These individual interviews were conducted with a total of forty UK manufacturing SME owner/managers and discussions centred on four main themes: their understanding of corporate sustainability, their current sustainability practices, their corporate sustainability behaviour and the factors that would affect their improved corporate sustainability behaviour.

3.8.2   Focus Group Interviews

The focus group interview is a type of interview that involves more than one person, usually at least four interviewees (Bryman & Bell 2015). It serves as an excellent exploratory tool and can be useful for validating responses obtained from respondents through another form of data collection (Easterby-Smith, Thorpe & Jackson 2012). Focus groups are conducted in a fairly unstructured setting and are useful for extracting the views and perspectives of the group members on a specific theme or topic that is explored in depth (Bryman & Bell 2015). It focuses on interaction within the group and the joint construction of meaning amongst

the group members. Interviewees are selected because they are all known to have been involved in a particular situation or had a certain experience. One value of the focus group interview is that it enables the researcher to elicit a wide variety of opinions on a particular subject and gives insights not only into what people feel, but why they feel the way they do. Similarly, it also reveals the ways in which subjects collectively make sense of the phenomenon being studied and construct meanings around it (Bryman & Bell 2015).

For this study, one focus group interview consisting of twelve UK manufacturing SME owner/managers was conducted. The main aim was to validate the theoretical framework developed from the individual interviews and serve as a means of data triangulation for the entire study. It also served to simultaneously explore from different perspectives the opinions of UK manufacturing SME owner/managers on the factors that affect their corporate sustainability behaviour. Doing this in the focus group context engendered a greater likelihood of respondents giving a more realistic account of their opinions and allowed for them to probe one another's reasons for holding certain views.

For the data analysis, the data from the focus group was treated as one interview therefore the number of interviews in the analysis came to thirty one.

3.9   Interview Process Followed

The interviews in this study were conducted in line with the seven stages of the interview process as proposed by Kvale (1996) i.e. thematizing, designing, interviewing, transcribing, analysing, verifying and reporting. Figure 2 below depicts this interview process.

3.9.1   Thematizing

This is the first stage of the interview process where the interviewer maps out the purpose of the study and describes the concept of the topic to be investigated before the interview is conducted. It involves clarifying *what* is to be studied and *why* it is to be studied. Clarifying what is to be studied involves the researcher gaining knowledge of the subject area, what has previously been done and what the gaps are in order to effectively contribute to knowledge in that area. Clarifying why the phenomenon is to be studied involves establishing the purpose of the study. It is essential for issues of *what* and *why* to be resolved before contemplating *how* the interview is to be conducted (Kvale 1996). Reviewing the literature on SMEs and corporate sustainability provided a basis for identifying gaps in the subject area as highlighted in the Literature Review chapter, Chapter Two, and also facilitated the formulation of the objectives for this study.

3.9.2 Designing

This stage involves making decisions about *how* the interview is to be carried out taking into consideration the moral and ethical implications of the study. It consists of the overall planning and preparation of the methodological procedures for obtaining the required knowledge (Kvale 1996). In particular, while designing the interview, the researcher needs to contemplate what form the interview will take, the number of people to be interviewed and resources available for the study (Kvale 1996). In the light of resource considerations, semi-structured interviews were used for the majority of the study as well as one focus group. Ten UK manufacturing SME owner/managers were interviewed in the first phase of the study. The second phase involved a further thirty individual semi-structured interviews as well as one focus group interview with twelve SME owner/managers. Informed consent was obtained by from all interviewees in the form of signed consent forms and they were duly informed of the nature and purpose of the study.

3.9.3 Interviewing

For the first phase which was the preliminary study, interviews were conducted with ten SME owner/managers from the manufacturing industry and lasted for approximately forty-five minutes to one and a half hours. Of the ten interviews, nine were conducted face-to-face while one was telephone based. Phase two, which was the main study consisted of interviews with thirty more SME owner/managers from the manufacturing industry as well as one focus group interview. All of the semi-structured interviews were conducted face-to-face and the average time frame was an hour and ten minutes.

The focus group interview was also conducted face-to-face and lasted approximately one and a half hours. Participants consisted of twelve UK manufacturing SME owner/managers and the interview was conducted at the office premises of one of the participants. It was facilitated by the researcher and involved intimating the group of the goals of the meeting, how it would proceed and making sure that each participant got an opportunity to contribute.

As proposed by Kvale (1996), interviews were conducted on the basis of an interview guide. This contained a list of open-ended questions grouped according to the main themes of the study. Specifically, questions were categorised under four broad themes: SMEs' understanding of corporate sustainability, the sustainability practices they currently engage in, their corporate sustainability behaviour and their understanding of factors that would affect their improved corporate sustainability behaviour.

The process of the actual interview involved sending participants a cover letter detailing the nature and purpose of the study prior to the interview and where necessary, providing a second copy at the interview. Participants were thanked for agreeing to take part in the study, given consent forms to sign, advised of their ability to withdraw from the study at any point, should they wish to, assured of the confidentiality of the information they provided, asked for permission to record the interview, engaged in the interview conversation and at the end, thanked for their participation.

3.9.4   Transcribing

The transcribing process involves preparing the interview material for analysis by transforming it from oral speech to written text (Kvale 1996). At this stage, the researcher

also familiarises him/herself with the data by reading through it repeatedly. Braun & Clarke (2006), recommend reading the data in an 'active' way identifying meanings and patterns from the data and making notes of these meanings and patterns.

For this study, all interview data were transcribed verbatim and read through repeatedly to enable familiarisation with the data. Notes were also made of patterns and meanings from the data that appeared significant at this stage. This served as the basis for developing themes and sub-themes during the data analysis process.

3.9.5 Analysing

According to Kvale (1996), deciding on a method of analysis should be based both on the purpose and topic of the investigation and the nature of the interview material. The purpose of this study was to explore the factors that affect UK manufacturing SMEs' corporate sustainability behaviour on the basis of data collected through semi-structured interviews. In line with this, Thematic Qualitative Analysis (TQA) was chosen for this study as it is well suited to qualitative data (Boyatzis 1998) and aims to identify patterns and meanings in the data as well as interpret various aspects of the research topic (Braun & Clarke 2006).

3.9.6 Verifying

This part of the process involves ascertaining the generalizability, validity and reliability of the interviews conducted. Being a qualitative, context-specific study, the findings from this research are not expected to be generalised to other contexts. However, to ensure the

rigour and quality of the research, the notions of validity and reliability are addressed in line with criteria for evaluating qualitative research as identified by (Guba & Lincoln 1994) and (Bryman & Bell 2015). Reliability of the interview findings refers to how consistent the findings are; while validity seeks to ensure that the interview findings have truly investigated what it intended to investigate (Kvale 1996). Reliability and validity in this study, was achieved through respondent validation, triangulation and auditing (Bryman & Bell 2015; Guba & Lincoln 1994).

Respondent validation requires the researcher to provide respondents of the study with an account of his or her findings in order to corroborate or refute the researcher's account of the interaction that he or she has arrived at (Bryman & Bell 2015). To achieve this in this study, copies of transcripts were sent to respondents to confirm that the transcripts were representative of what they communicated to the researcher during the interviews and to also ensure that they were consistent with the subject being investigated i.e. UK manufacturing SMEs corporate sustainability behaviour. All the respondent responses confirmed the information provided as being accurate. Triangulation is a technique that requires the use of one or more research methods, sources of data, theoretical perspectives or observers in a research project. The aim is to use these multiple approaches to corroborate the findings of the research and ensure greater confidence in the findings (Bryman & Bell 2015; Guba & Lincoln 1994; Voss, Tsikriktsis & Frohlich 2002). To ensure confidence in the findings of this study, two data collection methods were employed in the research: individual interviews and a focus group interview. The output from the focus group interview was used as a form of triangulation to verify the outputs of the individual interviews and served to confirm the validity of the research findings.

Finally, the concept of auditing requires that the researcher provide clear details of the research process in its entirety and also involves the researchers' peers acting as auditors of the research process followed to establish that proper procedures were followed in the course of the research (Bryman 2012; Guba & Lincoln 1994). For this study, the auditing criterion was met by giving providing detailed, step by step accounts of the entire process followed for the research. In addition, themes derived from the study and the quotes they were based on were checked by three other research colleagues to ensure that the interpretation of the quotes was accurate and that they were correctly assigned to themes. This is akin to inter-rater reliability as practiced in quantitative research which is defined as the degree to which raters agree or disagree on the rating or interpretation given to the evidence they are presented with (Voss, Tsikriktsis & Frohlich 2002). Following this process helped to limit the subjectivity of the researcher and confirm the interpretation of the data. Raters returned an average of 80 percent agreement on the interpretations of the data and how well matched they were to the assigned themes.

3.9.7   Reporting

This is the final stage of the interview process and it involves communicating the findings from the study and the methods applied in a scientifically acceptable manner. It is also expected that the ethical aspects of conducting the interviews and the study as a whole have been taken into consideration (Kvale 1996). For this study, this reporting stage is evidenced in the Methodology, Data Analysis and Findings chapters of this thesis. These chapters convey the research findings, methods applied for the study, and outline the ethical aspects considered in the course of executing this research.

3.10   Data Analysis – Thematic Qualitative Analysis (TQA)

The aim of data analysis in qualitative research is to reduce the data to make it more manageable for the researcher to interpret and make sense of (Bryman 2012). In this study, the form of Thematic Qualitative Analysis (TQA) advocated by Braun & Clarke (2006) is employed to achieve this. Braun & Clarke (2006) describe TQA as a method for identifying, analysing and reporting patterns that not only organises and describes the data set in rich detail, but goes further to interpret various aspects of the research topic. As the data generated through the interviews was aimed at understanding and interpreting sustainability and the factors affecting SMEs' corporate sustainability behaviour from their perspectives, this method of analysis was considered most appropriate.

To facilitate ease of analysis and engender rigour in the research, the Computer Aided Qualitative Data Analysis Software (CAQDAS) NVIVO 10 was also used. According to Easterby-Smith, Thorpe & Jackson (2012), CAQDAS packages help the researcher get 'closer' to the data, increase accuracy, transparency and overall rigour of the data analysis process and outcomes.

3.10.1   Data Analysis Process Followed

Braun & Clarke (2006) outline a guide for doing thematic analysis in six phases. This is adapted into a nine phase process for this study using the inductive data-driven, bottom-up approach as depicted in figure 3.3 below. The Computer Aided Qualitative Data Analysis Software (CAQDAS) NVIVO was also used to facilitate the analysis.
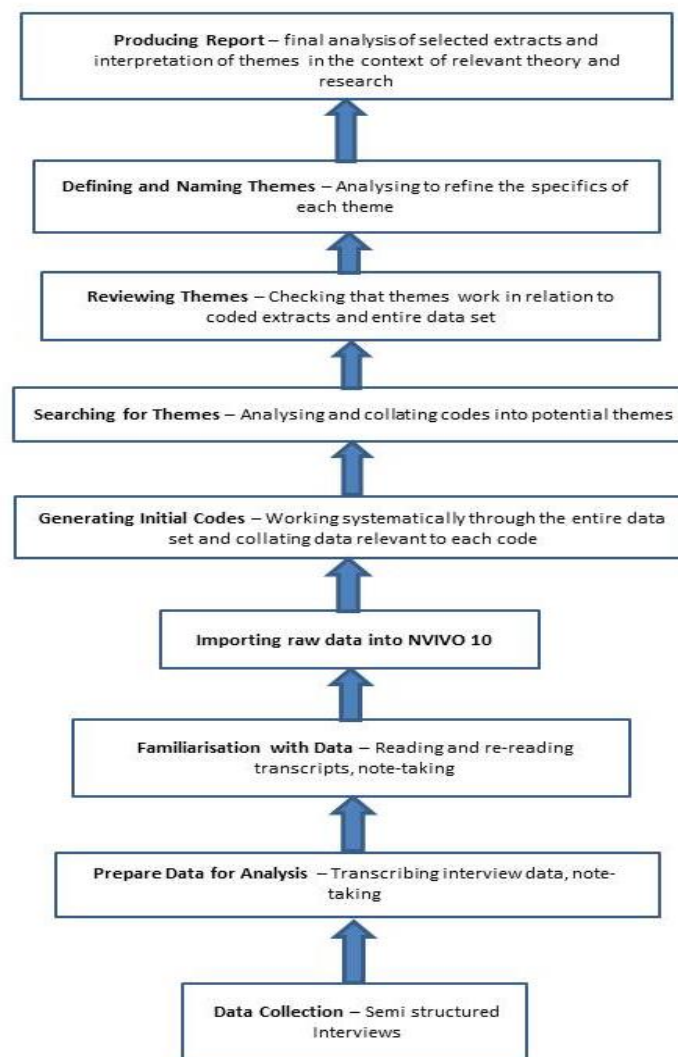
Figure 3.3: Data-drive, bottom-up, inductive thematic qualitative analysis process adapted from Braun & Clarke (2006)

Data Collection - Details of this have been covered earlier on in Section 3.8 of this chapter. As mentioned there, data for this study were collected through semi-structured individual interviews and a focus group. A total of forty manufacturing SME owner/managers were interviewed in both parts of the study – ten in the preliminary phase and thirty in the main phase. Additionally, during the main phase, data was also collected through a focus group consisting of twelve UK manufacturing SME owner/managers. All interviewees were based in the South East region of the UK.

Prepare Data for Analysis – All interview and focus group data for this study were transcribed verbatim so as to adequately capture nuances and all aspects of the conversations engaged in with the participants. During the transcription process, notes were made to capture initial thoughts about the data. Also, interesting points that emerged at this point were noted for further exploration in the course of the analysis.

Familiarisation with Data – This stage involved reading and re-reading the data intermittently and making more notes on the ideas and patterns that emerged from the data. This familiarisation process was done intermittently so as to allow the researcher become adequately familiar with the data. The notes taken in this phase also facilitated the generation of initial codes later in the process.

Import into NVIVO – For this study, the TQA process was facilitated by the Computer Aided Qualitative Data Analysis Software (CAQDAS), NVIVO. CAQDAS packages help the researcher get 'closer' to the data, increase accuracy, transparency and overall rigour of the data analysis process and outcomes (Easterby-Smith, Thorpe & Jackson 2012). In line with phase four of the TQA process, the interview transcripts from this study were imported into NVIVO for further analysis. The figures below illustrate the data as imported into NVIVO from the preliminary study and main study respectively.
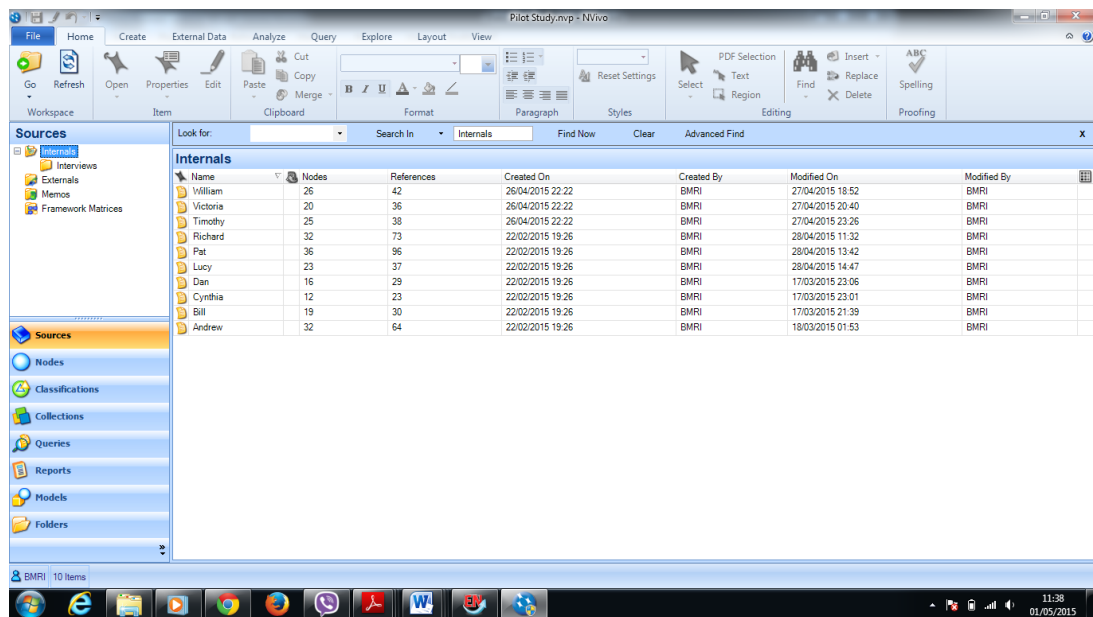
Figure 3.4: Screenshot showing transcripts from preliminary study as textual data imported into NVIVO
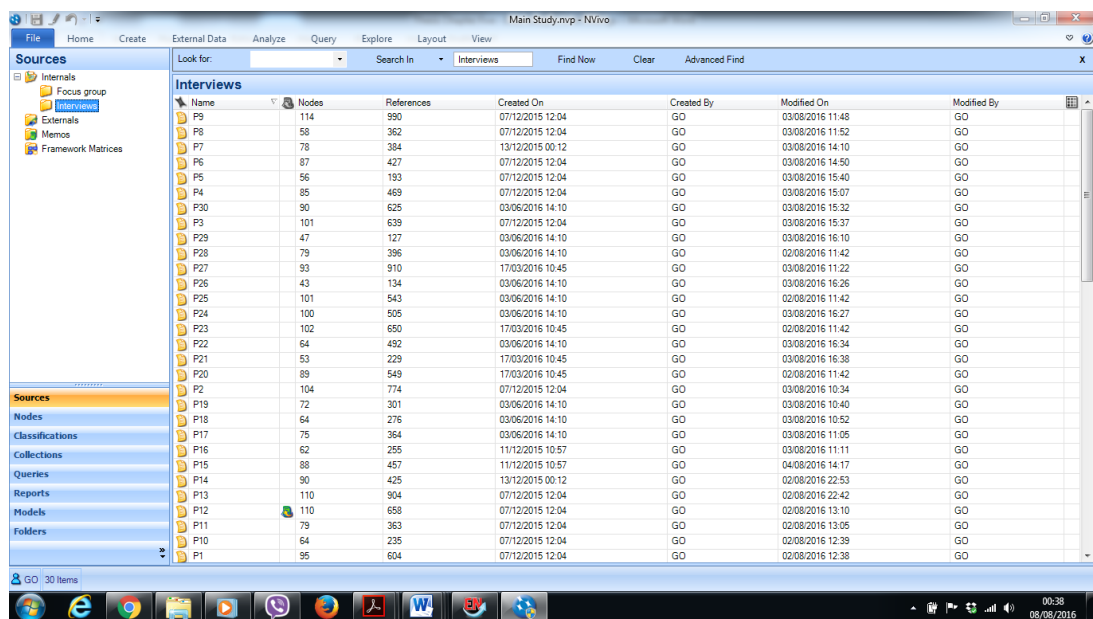
Figure 3.5: Screenshot showing transcripts from main study as textual data imported into NVIVO

Figure 3.6: Screenshot showing transcripts from main study as textual data imported into NVIVO (continued)

Generating Initial Codes - Following familiarisation with the data and noting interesting ideas and patterns identified in the data, the next phase is to generate the initial set of codes from it. Codes are a way of relating the data to one's ideas of the data. They are the most basic segment or element of the raw data that can be accessed in a meaningful way regarding the phenomenon (Boyatzis 1998). Coding involves identifying features of the data that appear significant and organising them into meaningful groups (Braun & Clarke 2006). Depending on the approach adopted, codes could be either data-driven (inductive approach) or theory-driven (theoretical approach). Where codes are data-driven, themes ultimately developed from the data are based on the data, but where they are theory-driven, the themes may be generated around specific questions which the researcher seeks to answer (Braun & Clarke 2006). Braun & Clarke (2006), emphasise the importance of working systematically through the entire data set making sure full and equal attention is given to each data item in order to identify interesting aspects in the data items that may form repeated patterns or themes across the data set. They also point out that aspects of the data that seem to depart from the dominant story being told should not be ignored.

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As the inductive approach to identifying themes and patterns is used in this study, initial codes generated were mainly data driven.

Searching for Themes – Themes are patterns or meanings identified within the data set that capture important aspects in relation to the research questions (Braun & Clarke 2006). They build on codes identified in transcripts or field notes and provide a basis for a theoretical understanding of the data. This aids the researcher in making a theoretical contribution to the literature in relation to the research focus (Bryman 2012). This stage refocuses the analysis at the broader level of themes and commences once all the data have been coded and collated. It involves sorting the different codes into potential themes and collating all the relevant coded extracts into the identified themes. As with the previous stage, nothing should be discarded at this point and even codes that don't seem to 'fit' into any particular theme can be temporarily labelled as 'miscellaneous' (Braun & Clarke 2006).

Some of the broad themes initially identified in this study are depicted in the NVIVO screenshots below. Codes that did not seem to fit into a particular theme are labelled as 'undefined'.

Figure 3.9: Nvivo screenshot of broad themes identified from the data

Reviewing Themes – At this stage, themes created in the previous stage are refined. This could involve merging similar themes, separating individual themes into more than one theme or where there is insufficient data to support a theme, discarding it altogether. It is also essential to ensure that data within themes cohere together significantly and that there are clear and identifiable distinctions between themes (Braun & Clarke 2006).

Two levels of reviewing are involved here, reviewing at the level of the coded data extracts and reviewing at the level of the entire data set. At the coded extract level, each data extract collated for each theme is checked to ensure they form a coherent pattern. Once this has been achieved, the review is carried out at the data set level. This involves considering the validity of the individual themes in relation to the whole data set and whether they accurately reflect the meanings evident in the data set as a whole. The entire data set should also be re-read at this stage to confirm that the themes developed 'work' in relation to the whole data set and also to code any additional data that might have been missed at the initial coding stage (Braun & Clarke 2006).

In this study, codes were re-read and refined according to their 'fit' with overall themes and where necessary data extracts for different themes were merged, re-defined, split or removed to ensure all the themes form a coherent pattern.

Defining and Naming Themes – Here, themes are further defined and refined with further analysis being done on the data within them. This involves identifying the essence of what each theme is about and confirming what aspects of the data they capture. The researcher

also needs to go over each set of collated data extracts for each theme to verify that they are a coherent and internally consistent account. It is essential to identify what is interesting about each data extract presented and why this is interesting, presenting an analysis of each theme. This serves to identify how each theme fits into the overall story being told by the data in relation to the research questions and to ensure that the themes don't overlap too much. Where necessary, names of themes should be changed to something concise and punchy that reflects their essence. By the end of this phase, researchers must be able to clearly define what their themes are and what they are not (Braun & Clarke 2006).

Themes developed from the data were further defined and described to identify their points of interest and the reason for this interest. They were then further categorised into broad themes and sub-themes where applicable. Details of these themes are discussed in detail in each of the sections on the preliminary and main study presented in Chapter 4, the Data Analysis chapter.

The next sections give details of the data analysis and outputs for both parts of the study: the preliminary study and the main study respectively.

3.11   Time Horizons for this Study

Time horizon considerations influence research designs in terms of the time that is spent on the research process. Research can either be conducted as cross-sectional or longitudinal. Cross-sectional studies entail the study of a particular phenomenon in relation to more than one case at a single point in time (Bryman 2012). While it is argued that cross-sectional designs are mainly used in the positivist domain, they are also popular in the qualitative context (Bryman 2012; Saunders, Lewis & Thornhill 2009). In particular, qualitative designs

that make use of unstructured or semi-structured interviews are well suited to the cross-sectional approach (Bryman 2012).

Longitudinal studies in contrast involve the study of change and development over a period of time. Data is collected on more than one occasion from the same set of subjects and is used to understand the processes of change over time. Examples of longitudinal studies include quasi-experiments and ethnographic research (Easterby-Smith, Thorpe & Jackson 2012; Saunders, Lewis & Thornhill 2009).

This study was conducted as a cross-sectional study representing a 'snapshot' of SMEs' sustainability practices and the factors that affect their corporate sustainability behaviour at a particular point in time. Moreover, the time and finance constraints of the PhD programme make a cross-sectional study a more feasible option. Based on the outputs of this research, a longitudinal study may later be conducted. The preliminary study was conducted over a five month period, between October 2014 and February 2015 while the main study took nine months spanning July 2015 to April 2016.

3.12   Ethics in Research

Ethical issues in academic research have continually been a source of debate for academic researchers irrespective of their philosophical leanings (Bryman 2012; Christians 2000; Denzin & Lincoln 2000a; Easterby-Smith, Thorpe & Jackson 2012). Ethical issues are an integral part of any research study and arise at various stages of the research process. Ethics refers to the appropriateness of the researcher's behaviour in relation to the rights of those who are the subject of the researcher's work or are affected by it. In the context of academic research, ethics therefore refers to the way researchers go about formulating and clarifying their research topic, designing the study, gaining access, collecting, processing,

storing, analysing data and writing up their findings in a moral and responsible way (Saunders, Lewis & Thornhill 2009).

In spite of the on-going controversy about what constitutes good ethical practice in academic research, ethical principles are still a major consideration and have been classified into four main areas, namely harm to participants, lack of informed consent, invasion of privacy and deception (Bryman 2012). This classification aligns with the guidelines for directing inductive research as presented by Christians (2000) - informed consent, deception, privacy and confidentiality and accuracy. Each distinctive principle and how it is addressed in this study is discussed below.

3.12.1 Harm to Participants

This entails the researcher taking responsibility to conduct research in a way that does not constitute real or potential harm to participants. According to the British Sociological Association's Statement of Ethical Practice, researchers must take steps to 'anticipate, and to guard against consequences for research participants which can be considered to be harmful' (Bryman 2012). This study did not present any major health and safety issues and was conducted in line with the generally accepted ethical guidelines of the business and management field and specifically those of the University of Bedfordshire. Also in compliance with university regulations, a research ethics screening was completed before data collection commenced.

Issues of privacy and confidentiality were addressed by assuring participants of the confidentiality of information obtained from them and complete anonymity throughout the research process. To ensure this, pseudo names were assigned to participants and

participants' details as well as data collected were securely stored in line with university regulations. No harm has been brought to any of the participants in the course of the study and data collected have been presented accurately and precisely.

3.12.2 Informed Consent

The notion of informed consent posits that subjects must voluntarily agree to participate in the research and their agreement must be based on 'full and open information' (Christians 2000). Participants must be provided with all information necessary for them to make an informed choice on participating in the study or otherwise. To fulfil this ethical requirement, participants' consent can be obtained by requesting them to sign informed consent forms. This serves the purpose of both providing the participants with detailed information on the nature of the research and information on the implication of their participation. It also protects the researcher in the event that any concerns are subsequently raised by participants or anyone else. The downside though is that requesting participants to sign consent forms may prompt concerns about their involvement and consequently lead to their refusing to participate in the study (Bryman 2012).

To address this requirement in this study, all participants were requested to sign informed consent forms and all complied with this request.

3.12.3 Privacy and Confidentiality

According to Christians (2000), participants' confidentiality must be assured as the primary safeguard against unwanted exposure. To this end, issues of anonymity and confidentiality

with regards to the recording of information, maintenance of records and the dissemination of information collected must be adequately dealt with (Bryman 2012). Ethical complicity in this sense involves replacing the names of participants and their organisations with pseudo names and ensuring the secure storage of data collected.

For the entirety of this study, no names of respondents or their organisations were used. Instead, respondents were assigned codes of P1, P2, P3 … etc as depicted in tables 1, 2 and 3 above and organisations were described according to the industry categories they belong to.

3.12.4 Deception

This ethical principle aligns with the principle of informed consent in that it requires that researchers give complete information about their work and ensure that they do not misrepresent it in any way (Bryman 2012). In order to avoid deception, participants must be completely informed of what being involved in the study entails.

To comply with the notion of informed consent and avoid deception, all the study's participants i.e. preliminary study, main study and focus group participants were given a covering letter providing detailed information about the study and requested to sign consent forms indicating their voluntary participation in it. Participants were also made aware of the option to withdraw from the study at any point in the process without any explanation being required.

3.12.5 Accuracy

It is essential that the researcher ensures that data used in the research process are accurate. According to Christians (2000: 140), 'fabrications, fraudulent materials, omissions and contrivances are both non-scientific and unethical'. Therefore, authentic and exact data must be used throughout the research process. To ensure that this requirement was met for this research, interviewees of both preliminary study, main study, and focus group participants were sent copies of their interview transcripts to verify the accuracy of what was recorded and guarantee that the information collected truly represented what was intended to be studied.

3.13   Risk assessment

As data was collected mainly through face to face interviews, a number of potential risks were considered as mentioned below.

- The potential of participants to become distressed in the course of the interview.

- The possibility of participants revealing confidential information about the company or sensitive information that may be distressful to the interviewer.

- The possibility of participants becoming aggressive or violent towards the researcher.

To mitigate these potential risks, the following precautions were planned.

- In the event of participants becoming distressed in the course of the interview, stop the interview and if possible, rearrange for a more convenient time.

- Where confidential company information is revealed or the interviewer is distressed by sensitive information disclosed in the interview, seek appropriate counselling or advice from the relevant university support centre.

- To mitigate the potential of aggressive behaviour during an interview, ensure that the interview is conducted in a safe environment, e.g. the university or interviewee's workplace. Also informing supervisor and a colleague of date, time and location of interview, so they can assist or take relevant action if interviewer has not contacted them after a certain time.

3.14   Summary of Research Process

The process followed for undertaking this research is depicted in figure 2 below. It began with identifying and defining the subject area to be studied, followed by an initial review of the literature to gain awareness of the subject area and any gaps that might exist, a preliminary study to determine the feasibility of the study, a continuous, iterative literature review to ensure that the study remains up to date, a review of relevant theories to serve as a base for identifying a suitable theoretical underpinning for the research, conducting the main study, analysis of data obtained from the main study, choosing a theoretical underpinning for the study, finally the development of the main framework of factors

affecting UK manufacturing SMEs corporate sustainability behaviour and finally writing up

the findings from the study. Details of these are given below.
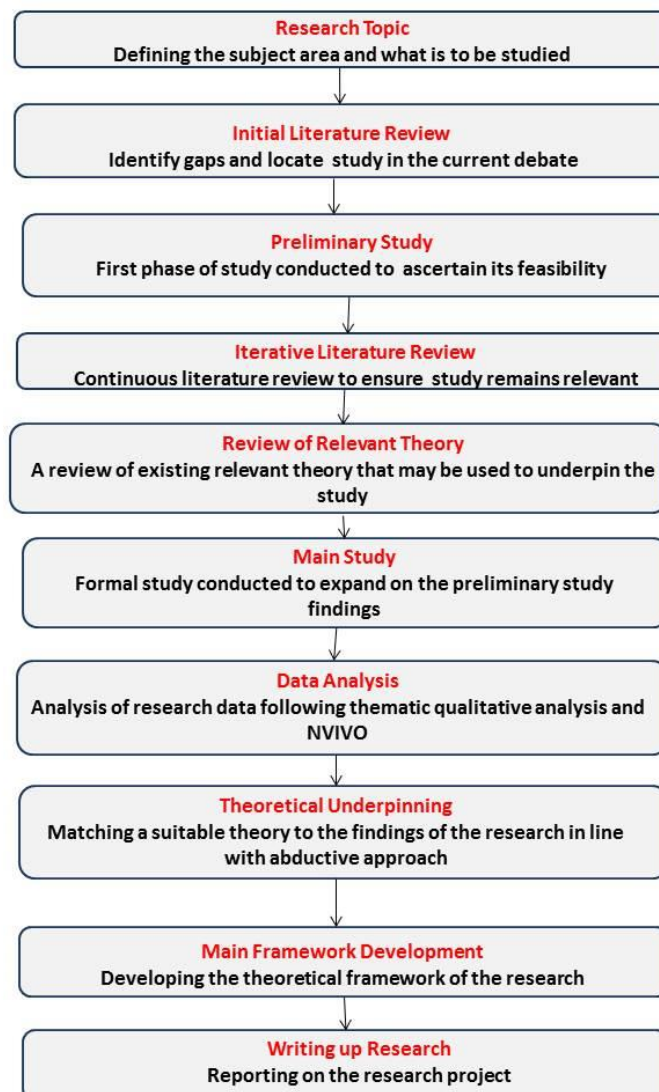
Figure 3.3: Research Process

This stage involved defining the subject area to be studied and also identifying why it was

important to study the subject and the value to be gained from such a study.

3.14.2 Initial Literature Review

This involved a review of the existing literature on the subject of sustainability in SMEs to get an understanding of the current state of affairs in this subject area. It also served to identify what had been done, what gaps existed in the current research and how to locate this present research in the light of what had been done before.

The study was conducted as a two part study consisting of a preliminary study and a main study. The same methodology was followed for both phases of the study with the exception of the inclusion of a focus group interview in the second phase.

3.14.3 The Preliminary Study

The preliminary study consisted of semi-structured interviews with ten manufacturing SME owner-managers based in the South-East region of the UK. The aim of this first phase was to ascertain the feasibility of the research project and also identify a suitable theoretical underpinning for the study. The outputs from the preliminary study helped to refine the interview guide used for the main study by incorporating key emergent aspects that came to light during the preliminary study. Details of the theoretical underpinning for this research are discussed in Chapter Five, Theoretical Framework.

3.14.4 Iterative Literature Review

This represented a continuous, iterative review of the literature to throughout the research period. This served to ground the outputs of the study and ensure its continuous currency

and relevance. Details of the literature review process as well as the actual literature review were provided in the previous chapter, Chapter Two, Literature Review.

3.14.5 Review of Relevant Theory

After the preliminary study, a review of theories relevant for corporate sustainability research in the SME context was conducted. The main aim of this review was to enable a good understanding of a wide range of theories that could be suitable for underpinning the findings of this study. This is in keeping with the abductive approach adopted for this study which advocates a process of theory matching   (Dubois & Gadde 2002; Kovacs & Spens 2005) i.e. matching a suitable theoretical lens to the findings of a study as a basis for explaining those findings. Details of the theoretical underpinning chosen for this study are provided in Chapter Five, Theoretical Framework Development.

3.14.6 The Main Study

The main study which was the second phase of the study consisted of semi-structured interviews and a focus group interview. Building on the outputs of the preliminary study, a revised interview guide was used in semi-structured interviews conducted with thirty SME owner/managers from manufacturing companies in the South-East region of the UK. In addition to this, a focus group interview with twelve SME manufacturing owner managers from the same region was used as an exploratory tool to gain deeper insights into the subject of study. It also served to validate the data collected through the semi-structured interviews and a means of data triangulation for the study. On the basis of data generated

from the main study, a framework for exploring the factors affecting UK manufacturing SMEs' corporate sustainability behaviour was developed. This framework and the outputs of the study are discussed in detail in the next two chapters – Data Analysis (Chapter Four) and Theoretical Framework (Chapter Five).

3.14.7 Data Analysis

Data from the study were analysed following an inductive, bottom-up thematic qualitative analysis process (Braun & Clarke 2006) and facilitated by NVIVO 10. Following this inductive, bottom-up approach to thematic qualitative analysis required themes to be derived purely from the data without the constraints of a pre-determined theoretical construct. This process enabled the development of a framework of factors affecting UK manufacturing SMEs corporate sustainability behaviour based on data-driven themes derived from the analysis.

3.14.8 Theoretical Underpinning

After the main study data had been collected and analysed, a suitable theoretical underpinning was chosen to frame and explain the findings of the research. Details of these are provided in Chapter Five, Theoretical Framework Development.

3.14.9 Main Framework Development

This represents the theoretical framework derived from the study i.e. a framework of factors affecting UK manufacturing SMEs' corporate sustainability behaviour. On the basis of this framework, recommendations are proffered for use by policy makers, government and other stakeholders, in making efforts to encourage improved corporate sustainability behaviour in UK manufacturing SMEs. Chapter Five, Theoretical Framework Development, provides details of the framework and how it was derived.

3.14.10 Writing up the Research

This represents the concluding phase of the research. The findings of the study are written up showing how they met the aim and objectives of the study and how they link to the theoretical framework derived. Furthermore, recommendations for steps that can be taken to improve SMEs' corporate sustainability behaviour are proposed, the contributions of the study to knowledge, theory and practice are highlighted, its limitations disclosed and suggestions for future research provided.

4.0   Chapter Four – Data Analysis

4.1   Overview

This chapter outlines the data analysis process followed for this entire research i.e. both the preliminary study and main study. Data were analysed following the bottom-up inductive Thematic Qualitative Analysis (TQA) process adapted from (Braun & Clarke 2006) and NVIVO. As mentioned in the preceding chapters, this research was conducted in two parts: firstly the preliminary study and secondly the main study. The purpose of the preliminary study was to ascertain the feasibility of the research and to gain first-hand insights into UK manufacturing SMEs' perspectives on their corporate sustainability behaviour. The main study built on the findings from the preliminary study and the theoretical lens identified for the study to develop a theoretical framework for exploring the corporate sustainability behaviour of UK manufacturing SMEs. The same data analysis process, thematic qualitative analysis, was followed for both parts of the research.

This chapter begins with a discussion of Thematic Qualitative Analysis, details the TQA process followed in this research and then goes on to give details of the outputs from the preliminary study and main study respectively.

4.2.1   Thematic Qualitative Analysis (TQA)

Data analysis can be described as the process of making sense of data to enable the researcher make useful interpretations from it (Bryman 2012). It helps the researcher condense the data, make it more manageable to work with and extract meaningful results from it to answer the research questions as well as meet the research aims and objectives.

Data analysis for this entire study followed the Braun & Clarke (2006) process of thematic qualitative analysis (TQA).

Thematic analysis is described as a process designed for use with qualitative information (Boyatzis 1998; Fugard & Potts 2015). It is also considered to be well suited to a variety of rich text forms such as magazine articles, social media, and marketing text as well as visual materials; and is strengthened by its ability to provided graphic representations of the analysis (Walters 2016). It refers to the extraction of key themes from one's data, (Bryman & Bell 2015) and enables the use of various types of information in a systematic manner that increases their accuracy or sensitivity in understanding and interpreting observations about people, events, situations and organisations (Boyatzis 1998). One of the main advantages of thematic analysis is its flexibility which makes it a useful research tool for potentially providing a rich and detailed, yet complex account of the data (Braun & Clarke 2006), making it particularly well suited to qualitative data analysis. Braun and Clarke (2006: 79), further define it as 'a method for identifying, analysing and reporting patterns or themes within data'. Themes refer to patterns found in the data that not only describe and organise the data set, but also interpret various aspects of the phenomena being observed (Boyatzis 1998; Fereday & Muir-Cochrane 2006).

According to Boyatzis (1998), thematic analysis has a number of alternate aims which he identifies as: a way of seeing; a way of making sense out of seemingly unrelated material; a way of analysing qualitative information; a way of systematically observing a person, an interaction, a group, a situation, an organisation or a culture; a way of converting qualitative information into quantitative data. It must be noted here that the last aim is not relevant to this study as converting qualitative information into quantitative data is not the aim of this data analysis.

In their description of thematic analysis, Braun & Clarke (2006) identify two approaches to identifying themes and patterns within data, the inductive approach and the theoretical approach. An inductive approach refers to a bottom up approach in which identified themes are strongly linked to the data. Data is collected specifically for the purpose of the research and derived themes are not driven by prior theoretical assumptions. Also as this form of thematic analysis is essentially data-driven, data is coded without trying to fit it into a pre-existing coding frame or the researcher's analytic preconceptions. Conversely, the theoretical approach is more analyst-driven in the sense that the analysis is driven by the researcher's theoretical and analytical interest in the subject area. Unlike the inductive approach, this approach usually produces a less rich description of the data overall and a more detailed description of specific aspects of the data (Braun & Clarke 2006). In this study the inductive, bottom-up approach to thematic analysis is followed.

The next section describes the key terms used in conjunction with TQA.

4.2.2   Key Terms of Thematic Qualitative Analysis

Data Corpus: This refers to all the data collected for a particular research study. For this study, the data corpus is all data collected from the individual interviews and focus group conducted.

Data Set: The data set represents all the data from the data corpus being used for a particular analysis. For this study, the data set is also all the data collected from the individual interviews and focus group as the analysis includes all of this.

Data Item: Data items refer to each individual piece of data collected which together make up the data corpus or data set. Data items for this study are each interview conducted.

Data Extract: A data extract is an individual coded chunk of data that has been identified within and extracted from a data item. For this study, this refers to excerpts and individual quotes from the interview transcripts that are featured in the data analysis.

4.3 The Preliminary Study

4.3.1 Aim and Objectives of Preliminary Study

The preliminary study was conducted as an exploratory study to examine the current state of corporate sustainability in UK manufacturing small and medium enterprises and to also explore the potential of key stakeholders to influence this sector's corporate sustainability behaviour. Consequently, the objectives of this part of the study were set as follows:

1. To explore UK manufacturing SMEs' understanding of corporate sustainability, what sustainability practices they engage in and the factors that affect this.

2. To identify UK manufacturing SMEs' key stakeholders and their potential to influence these SMEs' corporate sustainability behaviour.

3. To determine the feasibility of the study.

4. Based on preliminary findings from this part of the study, identify a suitable theoretical underpinning for the second part, the main study.

4.3.2 Sample for Preliminary Study

The sample for this preliminary study consisted of ten manufacturing SME owner/managers from the South East region of the UK and data was collected through semi-structured interviews. Interviews lasted between forty-five minutes and one and half hours with nine being conducted face-to-face and one via telephone. Participants for this part of the study were accessed through networking at small and medium business events. In particular, events hosted by local chambers of commerce, local councils and the Federation of Small Businesses (FSB).

Table one below depicts the classification of the respondents for this part of the study.

Table 4.1: Classification of participants for preliminary study

	AGE-GROUP	GENDER	EDUCATION	INDUSTRY	EMPLOYEES	YEARS OF EXPERIENCE
P1	35 - 44	Male	University	Building Materials	11 to 50	5 to 10
P2	45 - 54	Male	University	Apparel Manufacturing	1 to 10	10 to 15
P3	35 - 44	Female	College	Food Manufacturing	51 to 250	10 to 15
P4	45 - 54	Male	College	Food Manufacturing	1 to 10	5 to 10
P5	35 - 44	Female	College	Food Manufacturing	11 to 50	1 to 5
P6	35 - 44	Female	University	Apparel Manufacturing	51 to 250	5 to 10
P7	35 - 44	Male	University	Furniture Manufacturing	1 to 10	5 to 10
P8	25 - 34	Female	University	Food Manufacturing	11 to 50	1 to 5
P9	45 - 54	Male	University	Building Materials Manufacturing	51 to 250	10 to 15
P10	35 - 44	Male	University	Apparel Manufacturing	11 to 50	5 to 10

4.3.3 Analysis of Data from Preliminary Study

In keeping with the data analysis process followed in this study as explained above, data for this phase was transcribed verbatim, read and re-read for familiarisation with notes made

continuously, and then imported into NVIVO. After this, initial codes were generated which

served as the basis for identifying broad themes from the data as depicted in figures 8 to 10

below.
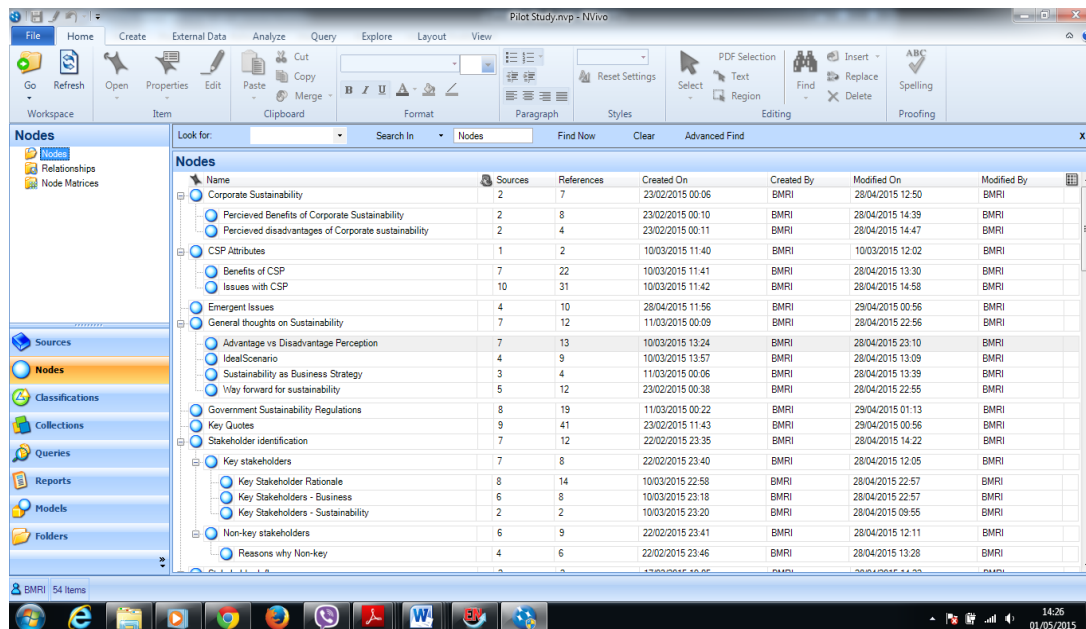
Figure 4.8: Nvivo screenshot showing initial themes and sub-themes from preliminary study
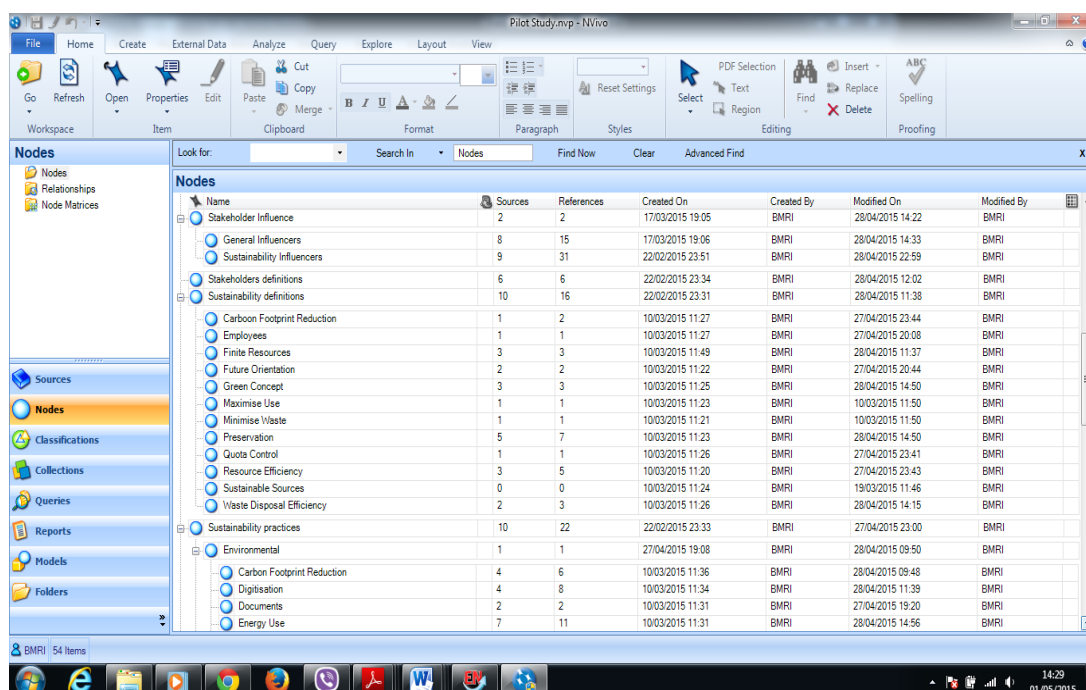
Figure 4.9: Nvivo screenshot showing initial themes and sub-themes from preliminary study

Figure 4.10: Nvivo screenshot showing initial themes and sub-themes from preliminary study

These themes were further reviewed and refined to develop the final set of broad themes and sub-themes with further notes made as annotations in NVIVO. This part of the process involved merging similar themes, or separating individual themes or where necessary discarding themes altogether. The revised set of themes developed for this phase of the study is illustrated in figure 11 below showing both broad themes and sub-themes. Codes that appeared important but did not seem to fit into a particular theme are labelled as 'undefined'.

Figure 4.11: Nvivo screenshot of refined themes from preliminary phase

As shown in the screenshots above, there were a total of fifty-four initial themes and sub-themes for this phase. These were eventually narrowed down to forty-five themes and sub-themes.

4.3.4   Key Themes Derived from the Preliminary Study

This section highlights the main themes that emerged from analysing the data collected in the preliminary study. The broad themes and their sub-themes, where applicable are defined and discussed with relevant data extracts provided to illustrate them.

Sustainability Definitions

In line with the objective of ascertaining SMEs' perceptions of sustainability, participants were asked what they understood by sustainability. Responses given were coded broadly

under this theme but more specifically under sub-themes according to the main focus of
answers given. Broad themes, sub-themes and their relevant data extracts are illustrated in
the table below.

Table 4.2: Sustainability Definitions theme with relevant data extracts

BROAD THEME	SUB-THEME	DATA EXTRACTS
Sustainability Definitions	Reduce Carbon Footprint	' by not travelling for so many things, then you reduce your carbon footprint as well and by so doing you reduce the impact on the environment' **(P4)**
	Finite Resources	'… these are all sort of resources that contribute to your daily activities but at the same time, these resources are finite. So they would eventually be exhausted' **(P10)**
	Preservation	'… keeping what we've got left. Making the most of what we've got and retaining it and preserving it for the future' **(P6)**
	Resource Efficiency	' making sure that we reduce our energy use and be more efficient in terms of the environment' **(P4)**
	Efficient Waste Disposal	' looking after the environment, doing things like recycling, in terms of disposal of waste … sorting out your recyclable, your food wastes, your garden wastes and stuff like that' **(P2)**

Sustainability Practices

To fulfil the objective of identifying current sustainability practices in SMEs, participants
were asked about sustainability activities they currently engage in. Data extracts relating to
answers given were coded under two broad themes – Environmental Practices and Social
Practices. These broad themes and their sub-themes are depicted in the table below.

Table 4.3: Sustainability Practices theme with relevant data extracts

BROAD THEME	SUB-THEME	DATA EXTRACTS
Environmental Practices	Carbon Footprint Reduction	' we try to schedule as many meetings as possible on the same day in the same area so it's only one commute – that way we're reducing our carbon emissions and cutting down on our carbon footprint' **(P1)**
	Digitisation	'For example, some of our clients now we have … instead of having paper files, we now have electronic files. So we've done is that we've bought like a data storage/ cloud where we put all our stuff, we've scanned all our documents onto the cloud' **(P4)**
	Energy Use	'We switch off everything except our computer server and then the refrigerator, but every other thing we switch off completely. We actually have a policy of going round to check that that is done' **(P3)**
	Paper Use	'We tend to reduce the level of printing that we do. We want to make everything paperless as much as we can' **(P9)**
	Recycling	'we try to do recycling, we try to engage in separating our waste so that even the general waste, we separate into recyclable and non-recyclable material' (R3) 'Recycling. Of course we have to recycle things and use things again as much as we can' **(P7)**
Social Practices	Sourcing	'When we look at raw materials, we consider where we're buying things from … we make sure that all the factories that we work with, from an ethical point of

		view, don't have anything to hide' **(P8)**
	Community	'Being socially responsible, giving back to the community, being a responsible part of the community' **(P2)**
	Staff	'We check our suppliers responsibly. How do they manage their staff? What are the conditions in which people have to work?' **(P5)**

Stakeholder Identification

One of the objectives of the study was to identify SMEs' key stakeholders. Stakeholders generally identified by participants and coded under this theme were further classified into the sub-themes of Key Stakeholders and Non-Key Stakeholders. Table 4 below illustrates this.

Table 4.4: Stakeholder Identification theme with relevant data extracts

BROAD THEME	SUB-THEME	DATA EXTRACTS
Stakeholder Identification	Key Stakeholders Identified by participants as key stakeholders	'Stakeholders would be our clients, suppliers, employees, government. Those are our key stakeholders.' **(P1)** 'In any business, it's always about the customers because they're the ones to provide you with the turnover, the bottom line.' **(P5)**
	Non-Key Stakeholders Identified by participants as non-key stakeholders	'Shareholders should be one of the stakeholders. But in my case, they're not really that strong.' **(P10)** 'I just think anything you can think of, the community, our suppliers, contractors, those are the ones. I don't think much of my wider stakeholders because their impact is negligible' **(P3)**

Stakeholder Influence

Part of the objectives of the study was to identify stakeholders able to influence the business practice of SMEs, particularly in terms of influencing their corporate sustainability behaviour. Responses were coded broadly under this theme and further subdivided into the sub-themes General Influencers and Sustainability Influencers, depending on how participants categorised them. This is represented in the table below.

Table 4.5: Stakeholder Influence theme with relevant data extracts

BROAD THEME	SUB-THEME	DATA EXTRACTS
Stakeholder Influence	General Influencers Stakeholders identified as being able to influence the business generally	'The employees and the shareholders' (**P1**) 'It would be consumer, staff and then bank. Because unless you need a new loan, as long as you're paying the current one, you're fine' **(P3)**
	Sustainability Influencers Stakeholders identified as able to influence sustainability adoption in the business	'That would be the customers because they're the ones who would make us change things faster than anyone could. So if it became important to our customers for us to be green, then we would be green very quickly. We would change. We wouldn't have a choice. I think they would make the most impact if things changed with what they were demanding from us' **(P5)** 'For example the government, obviously can promote sustainable practices, best practice for people to adopt. Clients can have policies in place whereby if they are procuring any service, they can embed some requirements for sustainability in there.' **(P4)**

Producing Report

This stage entails the final analysis and writing up of the report. The aim is to tell the story of the analysed data in a way that convinces the reader of the validity and merit of the analysis. It should showcase data extracts from the data set that clearly endorse the themes identified within the data and should be written in a concise, coherent, logical, non-repetitive and interesting manner (Braun & Clarke 2006).

The findings from this study are detailed in the next section: Preliminary Findings.

4.3.5   Preliminary Findings

This section highlights the key findings from the preliminary study which was aimed at examining the current state of corporate sustainability in UK manufacturing small and medium enterprises as well as exploring the potential of key stakeholders to influence this sector's corporate sustainability behaviour. Findings are first listed and then individually discussed including the relevant data extracts and referring to literature where applicable.

- SMEs lack a holistic understanding of what corporate sustainability is

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- SMEs engage in basic sustainability practices, but not as business practice i.e. corporate sustainability

- SMEs are un-inclined to voluntarily engage in corporate sustainability

- SMEs have a good understanding of who their key stakeholders are

- SMEs require significant support in terms of sustainability

- SMEs view their size as a handicap

- Trust of suppliers or from customers is a hindrance for SMEs' sustainability

- Cost and quality are stronger drivers for sourcing than sustainability

SMEs Lack a Holistic Understanding of Sustainability

Although it eventually turned out most that most participants had a working knowledge of sustainability, they initially didn't understand what was meant by 'sustainability'. One participant defined it as *'an act of sustaining human beings' (P7)*, while another asked *'sustainability? What do you mean by sustainability?' (P2)*. Several terms such as 'going green', 'sustainable development', 'people, profit, planet', 'being socially and environmentally responsible' were used as prompts to help them better understand what was being discussed.

After it was understood, majority of definitions given for sustainability centred on the environmental aspects and preserving natural resources without any indication of the social aspect. Responses such as *'how we control our quota as to managing the environment, reducing our carbon footprint' (P4); 'making the most of what we've got and retaining it and*

preserving it for the future' (P9); *'preserving the environment, preserving our natural resources so we don't sort of burn out' (P5)*; were predominant.

This understanding fits with most academic papers on sustainability in SMEs in which the environmental aspect is focused on to the detriment of the social aspect (Gadenne, Kennedy & McKeiver 2009; Hillary 1995; Simpson, Taylor & Barker 2004). As SMEs are by nature closer to their communities and contribute significantly to the societies in which they are located (Russo & Perrini 2010; Spence & Schmidpeter 2003; Stoian & Gilman 2017), aligning both their environmental and social understanding of sustainability is a pertinent issue.

SMEs Engage in Basic Sustainability Practices but Not as Business Practice or Business Sustainability

While majority of studies suggest that SMEs do not of their own accord engage in sustainability practices (Revell & Blackburn 2007; Tilley 1999a), findings from this phase of the study agreed with the position of Revell, Stokes & Chen (2010) and (Battisti & Perry 2011) that SMEs are beginning to engage in some forms of sustainability. All the SMEs interviewed did engage in some form of sustainability practices. Interestingly enough, even though they engaged in these activities, not all of them recognised them as sustainability practices. Once again, prompts such as 'recycling', 'ethical sourcing', 'reducing carbon footprint' and 'efficient energy use' were used to give participants an idea. Sustainability practices identified included everyday activities such as recycling, efficient water and energy use, reducing travelling, using less packaging or reducing printing. Additionally, a few participants sourced products ethically and from ethical suppliers and were cognisant of

labour conditions in their organisations and that of their suppliers or business partners. Overall, most organisations were engaged in sustainability practices that resulted in some sort of savings for them either financially or time-wise. Some relevant data extracts relating to this are:

'We tend to reduce the level of printing that we do' **(P3).**

'Lights for instance, making sure the lights are only on when they are being used, using low energy light bulbs, using LED lights' **(P2).**

'Efficient use of water and energy' **(P8).**

SMEs are Un-Inclined to Voluntarily Adopt Sustainability as Business Practice

Although the SMEs interviewed did engage in some form of sustainability, they were generally averse to implementing it as business practice. They unanimously saw it as 'nice to have', not 'need to have'. Extra costs, the notion of being too small to make significant impact, lack of short-term benefits and time investment required to implement changes were some of the reasons given. Furthermore, they are all comfortable with the way their businesses are running and don't see the need to make the extra effort or 'rock the boat' because of sustainability. The lack of pressure from significant stakeholders to make this change makes it even less of a priority. This fits in with Roberts, Lawson & Nicholls (2006) opinion that SMEs are notoriously difficult to influence and is further corroborated by other authors such as Tilley, (1999), Schaper, (2002), Cassells and Lewis, (2011), and Brammer et al., (2012). The following data extracts relate to this:

'It's not a priority, no. It's nice to have you know, but definitely not a necessity' **(P10).**

'It wouldn't be something that we would do on our own or initiate. Because right now the way things are running it's ticking along nicely, we're not having to do much' **(P6).**

'I think based on the size of the business and on the number of employees, we're still sort of under the radar when it comes to laws and things like that' **(P2).**

'I think sometimes it's more the effort and the time that goes into the whole changing of how you work is what would make any organisation reluctant as against the cost of things' **(P4).**

'say I put a new practice in that's going to cost me £5000 pounds, I would rather use that £5000 to improve my bottom line or my top line, to grow my business than to do things in that manner … I think, for small businesses, the disadvantages outweigh the advantages' **(P9).**

SMEs Have a Good Understanding of Who Their Key Stakeholders Are

Every participant interviewed had a good understanding of what stakeholders are and were able to identify their various stakeholders. They were also able to distinguish between key stakeholders and non-key stakeholders giving rationales to support their categorisations. Generally, stakeholders were identified as *'clients, suppliers, employees, government'* **(P1);** *'staff, clients, shareholders, authorisation bodies, the government'* **(P9);** *'it would be not just the management, but the employees, the actual customers who we serve and the suppliers who provide us with the products that we sell to our customers'* **(P4).**

Key stakeholders identified were *'… the customers because they're the ones to provide you with the turnover, the bottom line* **(P5);** *'We have the government for example, they are our key stakeholders … obviously our clients are also our key stakeholders'* **(P10);** *'My priority*

stakeholders are my customers and my investors, because it is in the interest of both groups that the business survives. I would also put my employees as my priority stakeholders' **(P3)**.

Suppliers were generally identified as non-key stakeholders as most participants considered them to be changeable - *'We don't use that many suppliers but the ones we do use, I don't consider them to be key stakeholders. If we're not happy with what they provide, we can always change them'* **(P1)**; *'Suppliers, I can always find alternatives, usually you find a way to deliver'* **(P10)**.

Even though clients/customers, staff, government and investors were identified as key stakeholders, in terms of influencing sustainability in the business, customers and government emerged as the strongest influencers. The following data extracts relate to this finding:

'The clients; they have the potential because if they decide that they are not going to buy from a non- sustainable business or a business that's not thinking sustainably, then clearly as management, we have to make a decision as to how to start implementing sustainable ways of doing business' **(P10)**.

'My clients, they are the key ones' **(P4)**.

'That would be the customers because they're the ones who would make us change things faster than anyone could' **(P5)**.

'I will put the clients who are also the customers first as they would have a significant impact. Then followed by the government' **(P9)**.

'The government – they would be in a position to' **(P2)**.

The stakeholders identified by these respondents align well with businesses stakeholders that are regularly highlighted in the literature such as customers, government, suppliers,

employees, shareholders, investors and even management (Haddock-Fraser & Tourelle 2010; Isaksson & Steimle 2009; Park & Ghauri 2015; Peloza et al. 2012; Sen & Cowley 2013).

SMEs Require Significant Support in Terms Of Sustainability

Some of the participants indicated the need for awareness of what sustainability entails in simple and clear terms a this would encourage a mind-set change, *'maybe there needs to be a bit more awareness for organisations as to, not just the big ones, but also the smaller ones as to steps that they can take'* **(P6)**; *'But it's like a cultural thing … like a mind-set, which really needs to change for us to move forward'* **(P10)**. In addition, suggestions were made for the provision of a sustainability checklist tailored to SMEs to facilitate easier adoption and the need for government not only to create sustainability regulations for the SME, but also enforce compliance across the board. *'Little things, like a checklist of things that you can do. And this should actually be enforced by the council to help the green movement a bit better so it becomes less of a 'would like to do' and more of a 'must do'…'* **(P1)**; *'if government could come up with draft suggestions for SMEs, it would make a big difference'* **(P3)**.

Another recommendation made was that the benefits, financial and otherwise of implementing sustainability in SMEs as well as the detriments of not implementing it should be clearly communicated in terms of cause and effect. *'I think what my business would want to see is someone actually coming here to tell me what to do, to sort of give me guidance. And also make sure that when you're telling me what to do, you're relating that to cost, to savings. I want to see how much of my money I get back and when. That's when I'll be interested, but if you just say oh it's good for the earth and you know it's good for our*

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children's children' (P7); 'if businesses could see the detrimental effects of not complying in real terms, it would make sense to them. For instance, with HIV people didn't have to be forced to use condoms as with a lot things like heart disease or cancer, people make lifestyle changes in order to prevent these diseases where possible. So if the government could come up with a cause and effect thing on sustainability for businesses, then maybe they would be more receptive to it' (P2).

One of the key findings from this exploratory study is that SMEs seem to require significant support with sustainability adoption. This corroborates authors such as Tilley, (1999), Hillary, (2004), Crals and Vereeck, (2005); Sen and Cowley, (2013), and Johnson and Schaltegger (2015) who have highlighted the need to support SMEs in sustainability endeavours by providing SME specific sustainability solutions, rebates to SMEs engaging in sustainability and generally providing a more tailored, context specific corporate sustainability message for them.

The non-availability of sustainable options from service providers was also mentioned as an issue. *'maybe if we had the choice from our electricity supplier to use green sources like rather than coal or gas and stuff, what we use now … If we were to choose maybe wind energy, where our electricity comes from, if we were to consider alternative sources for these resources, that would be helpful' (P7).*

SMEs View Their Size as a Handicap

Another finding was that SMEs seem to see their size as an inhibitor to influencing change with their suppliers or corporate sustainability as a whole. More than one participant mentioned that due to their size, they are unable to individually demand more sustainable

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or environmentally responsible offerings from their suppliers. This represents a significant deterrent to their sustainability adoption. Some related comments are:

'The people we use for supplies … if we found out they were using paper from child labour for example, would we stop using them? I'm not sure that as a small business, we can make those kinds of decisions or we would … we're not such consumers to be able to drive that kind of change' *(P9).*

'And because we are so small in the scheme of things … so cannot force a manufacturer to go through a particular manufacturing process … unless we form a group and we become influential and we do bulk purchasing, we don't have the clout to change things. Like now Mercedes could tell a manufacturer in china, that manufactures a part and say we don't want any child labour, because of the volume they control' *(P3).*

This perspective by SMEs could be fuelled by their appreciation of the circumstances they have to grapple with in comparison to their larger counterparts and the fact that majority of them do not see their businesses as having any meaningful environmental effects (Cambra-Fierro, Hart & Polo-Redondo 2008b; Howarth & Fredericks 2012; Revell, Stokes & Chen 2010). Situations such as having limited access to finances, requisite skillsets and other resources (Hatak, Floh & Zauner 2015; Hillary 2004; Jansson et al. 2017; Roberts, Lawson & Nicholls 2006) could enhance this thinking of being too small to make any significant impact in sustainability matters.

Cost and Quality are Stronger Drivers for Sourcing than Sustainability

In discussing checking their suppliers, most participants indicated that suppliers were rated more on the basis of the quality and cost of their supplies rather than their sustainability. If in the process it also happened to be sustainable, even better, but as long as it delivered on price and quality, they were happy. It was expressed that as businesses operating primarily to make a profit, their focus was on minimising costs and providing quality products and services to their clients. This is in consonance with observations made in previous studies (Berger et al. 2001; Revell & Blackburn 2007). Looking at it from the consumers' perspective, Hynds (2013) goes further to suggest that before the sustainability of a product or service can be considered as a factor, such products and services must meet the basic requirements of being sellable and representing value for money to the consumer. Data extracts relating to this are:

'Cost and also quality … the main thing is quality. There are two things I won't compromise on – I won't compromise on the quality of the coffee and I won't compromise on the quality of the raw ingredients. So those are actually the two things I won't compromise on. If they don't stand up to my quality standards, it wouldn't work' **(P2).**

'Unfortunately I would have to say we would put quality above environmental friendliness' **(P5).**

'It's all about the most advantageous bid, the cheapest really … it boils down to cost … We check cost and efficiency. Who will give us the best price, that's it really … cost and efficiency. Who's going to deliver when I want it and at the cheapest price' **(P10).**

The Trust Issue

When asked if they checked the ethical practices of their suppliers in terms of procurement and staff welfare, a number of participants replied *'They're not from cheap suppliers so they're from quite expensive suppliers. So we know that their quality will be good and because of the calibre of suppliers we deal with, we expect that they are doing the right thing regarding their staff' (P6); 'But the people we use for supplies … because they are an established name, established in the industry, they're market leaders we're quite comfortable with them' (P9)*. It is evident they feel that suppliers of a certain 'calibre' or 'expensive' suppliers have done their due diligence and therefore see no need to perform any checks of their own.

A similar kind of 'trust' is communicated to them from their customers/clients. The clients/customers don't question their sourcing or ethical practices on the whole because they 'trust' them to be doing the 'right thing'. In terms of customers, they responded *'I think the thing is though, they trust us to have done all the work. They trust us to have checked that all the raw materials are safe, they trust us that they come from a reliable supply chain, they trust us' (P8); 'People expect you to have done your checks… they trust us to have done them. They want to know that they're not indirectly contributing to any … anything that's underhand. Not just against you know, other human beings but also against the environment as well' (P4)*.

This position is in line with research highlighting the lack of accountability amongst supply chain partners as an issue hindering SMEs' positive sustainability behaviour as no pressure is put on or by supply chain partners for SMEs to engage in sustainability practices (Hillary 2000; Revell & Blackburn 2007). While this notion of trust along the supply chain is good in a sense, this tacit acceptance of good ethical practice from suppliers and by customers may not facilitate good sustainable behaviour. It encourages a lackadaisical attitude towards

4.3.6 Conclusion of Preliminary Study

Based on the findings from this first part of the study, it was identified that respondents predominantly engaged in basic sustainability practices such as recycling, management of resources such as heating, water and electricity and reducing printing, but did not see justification for engaging in these activities as business practice i.e. corporate sustainability. Their engagement in these basic sustainability practices were driven largely by their owner/managers' initiatives and savings derived from engaging in these activities. In order for their behaviour to change and for them to be more inclined towards corporate sustainability, it appeared that they require a lot of support which is expected to come majorly from the government. Particularly, government intervention is expected in the form of regulations and policies beneficial to SMEs and information support services. Customer and consumer demands or requirements for more sustainable offerings were also highlighted as possible influencers of SMEs' corporate sustainability behaviour.

Overall the findings of this preliminary phase of the study met the objectives set for this exploratory study. SMEs' perceptions of sustainability were ascertained, their current sustainability practices as well as their key stakeholders were identified and the key stakeholders most likely to influence their engagement in corporate sustainability were highlighted. In addition, some emergent issues were identified such as their need for significant support with sustainability, their view of their size as a hindrance to influencing supplier behaviour, their favouring costs and quality over environmental friendliness when

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sourcing and their trust for a certain calibre of suppliers and trust from customers in terms of ethical considerations.

In the light of these findings, it was determined that the stakeholder approach to encouraging UK manufacturing SMEs' corporate sustainability behaviour was rather limiting and not robust enough to accommodate other factors that may have the potential to affect this behaviour. Therefore, for the second phase of the study, i.e. the main study, a more broad based approach was adopted based on the findings from the preliminary study and the theoretical lens identified for the research. This broader lens enabled for factors other than stakeholder influence to be considered as possible influences of SMEs' corporate sustainability behaviour. Based on the themes derived from this part of the study, a theoretical framework for exploring a wide range of factor affecting UK manufacturing SMEs' corporate sustainability behaviour was developed. The broad themes and sub-themes aligned with this framework as well as the relevant data extracts are expounded upon later in this chapter.

The theoretical underpinning for this study, the developed theoretical framework and its applicability to this research are discussed in detail in Chapter 5, Theoretical Framework.

4.3.7   Issues to Address in Main Study

Issues identified in the preliminary study that were noted for addressing in the main study are detailed as follows:

- *Small Sample Size* – The sample size of ten participants provided a limited view of the preliminary study findings and made them difficult to generalise to the manufacturing SME context. To address this issue, the main study was based on a

larger sample size consisting of thirty UK manufacturing SME owner/managers who were individually interviewed and an additional twelve who participated in the focus group. This increased sample size would provide more relevant and significant findings more applicable to the UK manufacturing SME context.

- *Lack of Social Sustainability Focus* – The preliminary study did not delve deeply into the social aspect of sustainability. This presents a significant limitation as SMEs are well positioned to practice social sustainability because they represent a significant part of the communities in which they are located. This limitation was addressed in the main study by adopting a more holistic view to sustainability by incorporating both the environmental and social aspects into the study. This would give the SMEs a more rounded view of sustainability and help explore their social potential.

- *Scope of the Study* – The focus of the preliminary study was limited to stakeholder influence as a factor affecting UK manufacturing SMEs' corporate sustainability behaviour. Outputs from this phase indicated the potential of other significant factors to influence manufacturing SMEs' corporate sustainability behaviour. Therefore, for the main study, the scope of the study was refined and broadened through the use of a broad based theoretical lens to explore other catalysts of corporate sustainability behaviour in UK manufacturing SMEs. This theoretical lens enabled a more insightful perspective to the research and helped produce more meaningful results for the specific context of the study.

4.3.8   Relating Findings to Gaps

Findings from the preliminary study made some contributions to addressing the gaps highlighted in Chapter 1.

- It focused entirely on sustainability in SMEs as against larger or multinational organisations.

- It touched briefly on the social aspects of sustainability. This was dealt with in more detail in the main study.

- It made an attempt to understand corporate sustainability from UK manufacturing SMEs' perspectives, not treating them like scaled down versions of larger organisations.

- It has explored not only the issues affecting SMEs' corporate sustainability behaviour, but also identified some ways of addressing them. These were explored further in the main study.

4.4   The Main Study

This part of the study followed the same data collection and data analysis process as the preliminary study except that it also included a focus group study. Semi-structured interviews were conducted with thirty SME owner-managers from manufacturing industries in the South-East region of the UK as well as a focus group study consisting of 12 SME owner-managers from the same sector.

4.4.1   Objectives of Main Study

The objectives of the main study were twofold. Firstly, to further explore the factors affecting the corporate sustainability behaviour of UK manufacturing SMEs using a larger sample base; and secondly, to explore a broader range of factors affecting UK manufacturing SMEs' corporate sustainability behaviour not limited to stakeholder influence alone.

To this end, the findings from the preliminary study were used to develop a revised interview guide which was more robust, adopting a more balanced view of the environmental and social aspects of sustainability and better suited to exploring a broader range of factors that affect UK manufacturing SMEs' corporate sustainability behaviour.

4.4.2   Sample for Main Study

As with the preliminary study, the sample for the main study was drawn from a cross-section of manufacturing industries based in the South-East region of the UK. Semi-structured interviews were conducted with thirty owner-managers from this sector and geographical region. The interviews lasted for approximately forty-five minutes to one and a half hours and were all conducted face to face. Furthermore, a focus group study was also included in this part of the study to corroborate the findings from the individual interviews and serve as a means of data triangulation for the study. It consisted of twelve SME owner/managers from the same sector and based in the same region, and lasted for approximately one and a half hours. As with the preliminary study, participants for this part

of the study were accessed by networking at local events targeted at small and medium

businesses, hosted by local chambers of commerce, local councils and the Federation of

Small Businesses (FSB).

Table 4.6: Classification of participants for main study

	AGE-GROUP	GENDER	EDUCATION	INDUSTRY	EMPLOYEES	YEARS OF EXPERIENCE
P1	35-44	Female	College	Food Manufacturing	1 to 10	5 to 10
P2	45-54	Male	College	Furniture Manufacturing	51 to 250	10 to 15
P3	35-44	Male	College	Furniture Manufacturing	1 to 10	5 to 10
P4	25-34	Female	University	Apparel Manufacturing	11 to 50	1 to 5
P5	45-54	Male	College	Food Manufacturing	11 to 50	15 to 20
P6	35-44	Male	University	Paper Stationery Manufacturing	51 to 250	10 to 15
P7	35-44	Female	University	Food Manufacturing	51 to 250	5 to 10
P8	45-54	Female	University	Furniture Manufacturing	51 to 250	5 to 10
P9	35-44	Male	University	Labels Manufacturing	1 to 10	5 to 10
P10	25-34	Male	College	Paper Stationery Manufacturing	1 to 10	5 to 10
P11	55-64	Male	College	Food Manufacturing	11 to 50	15 to 20
P12	45-54	Female	College	Apparel Manufacturing	51 to 250	10 to 15
P13	35-44	Male	University	Footwear Manufacturing	1 to 10	5 to 10
P14	45-54	Female	University	Food Manufacturing	11 to 50	10 to 15
P15	35-44	Male	College	Building materials Manufacturing	51 to 250	10 to 15
P16	35-44	Male	College	Food Manufacturing	11 to 50	5 to 10
P17	35-44	Male	University	Furniture Manufacturing	11 to 50	5 to 10
P18	45-54	Male	College	Furniture Manufacturing	51 to 250	15 to 20
P19	25-34	Male	College	Apparel Manufacturing	1 to 10	1 to 5
P20	35-44	Female	College	Food Manufacturing	11 to 50	10 to 15
P21	55-64	Male	College	Paper Stationery Manufacturing	1 to 10	15 to 20
P22	45-54	Male	University	Food Manufacturing	1 to 10	10 to 15
P23	35-44	Male	University	Furniture Manufacturing	11 to 50	5 to 10
P24	45-54	Female	University	Footwear Manufacturing	1 to 50	5 to 10
P25	35-44	Female	University	Apparel Manufacturing	1 to 50	10 to 15
P26	25-34	Female	College	Labels Manufacturing	1 to 50	5 to 10
P27	35-44	Male	College	Paper Stationery Manufacturing	50 to 249	10 to 15
P28	45-54	Female	College	Food Manufacturing	1 to 50	10 to 15
P29	35-44	Female	University	Apparel Manufacturing	1 to 50	5 to 10
P30	55-64	Male	College	Food Manufacturing	50 to 249	15 to 20

Table 4.7: Classification of participants for focus group

	AGE-GROUP	GENDER	EDUCATION	INDUSTRY	EMPLOYEES	YEARS OF EXPERIENCE
F1	25-34	Male	College	Furniture Manufacturing	1 to 10	10 to 15
F2	35-44	Female	College	Lighting Manufacturing	51 to 250	10 to 15
F3	35 - 44	Male	College	Lighting Manufacturing	51 to 250	5 to 10
F4	25-34	Male	University	Cooling and Heating Systems Manufacturing	51 to 250	15 to 20
F5	45 - 54	Female	College	Furniture Manufacturing	11 to 50	15 to 20
F6	55 - 64	Male	University	Cooling and Heating Systems Manufacturing	51 to 250	10 to 15
F7	55 - 64	Male	University	Furniture Manufacturing	51 to 250	5 to 10
F8	35 - 44	Female	University	Video Systems Manufacturing	11 to 50	5 to 10
F9	55 - 64	Male	College	Food Manufacturing	51 to 250	10 to 15
F10	45 - 54	Female	College	Furniture Manufacturing	51 to 250	15 to 20
F11	45 - 54	Male	University	Cooling and Heating Systems Manufacturing	11 to 50	10 to 15
F12	35 - 44	Female	College	Food Manufacturing	1 to 10	1 to 5

It is important to mention here that for the purposes of data analysis, the focus group interview was treated as one interview and as such, all the responses from the focus group are defined as 'F. Group'. This brings the total number of respondents for this part of the study to thirty one.
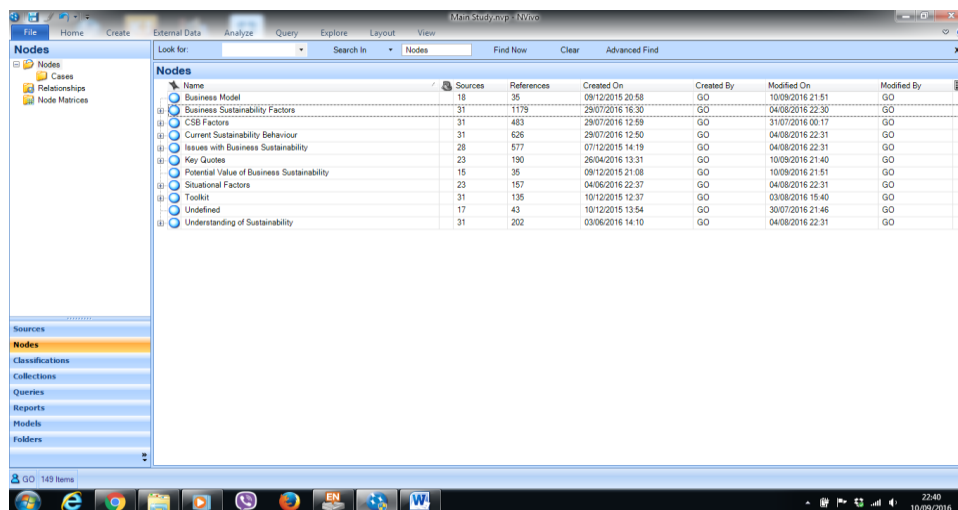
4.4.3   Analysis of Data from Main Study

As previously mentioned, data analysis for this study followed the inductive, bottom-up, data-driven thematic qualitative analysis process (Braun & Clarke 2006). Data were collected through semi-structured interviews and interview sessions were recorded with the permission of the participants, and transcribed verbatim. After that, the familiarisation process of reading and re-reading the data and making notes about the data was followed. This led to the identification of initial themes generated from the data. These initial themes were further analysed and refined into broad themes and sub-themes and these formed the

basis of the theoretical framework derived from the study for exploring the factors affecting UK manufacturing SMEs' corporate sustainability behaviour.

4.4.4   Main Study Themes

A number of key themes which represent the factors material to UK manufacturing SMEs' corporate sustainability behaviour were identified from the data. These were categorised as broad themes (referring to an overarching theme) and sub-themes (lesser themes that feed into the overarching themes). Figure 12 below describes the broad themes derived for this part of the study. Each broad theme and its attendant sub-themes are then illustrated and described in the subsequent sections.

Figure 4.12: Nvivo Screenshot of Broad Themes

Table 4.8: Broad themes of the study indicating the number of sources and references

Name	Sources	References
Business Model	18	35
Corporate Sustainability Factors	31	1179
CSB Factors	31	483
Current Sustainability Behaviour	31	626
Issues with Corporate Sustainability	28	577
Key Quotes	23	190
Potential Value of Corporate Sustainability	15	35
Situational Factors	23	157
Toolkit	31	135
Undefined	17	43
Understanding of Sustainability	31	202

The table above clearly depicts the number of sources or respondents who contributed to each broad theme as well as the total number of references or quotes associated with each broad theme.

4.4.5 Linking Main Study Themes to Research Objectives

All the broad themes developed for this study and their sub-themes where applicable, are discussed in the following sections. In order to emphasise how the themes meet the research objectives this study, they are grouped in line with each research objective.

Objective One: To understand UK manufacturing SMEs' current corporate sustainability behaviour and the factors affecting this.

Understanding of Sustainability

To begin with, respondents were asked what their understanding of sustainability in order to check that they understood the concept of sustainability and to determine what they understood as sustainability. Responses were categorised into two sub-themes: 'Definitions' and 'Unawareness of CSP' (Current Sustainability Practices). The figure below illustrates this theme and its sub-themes.
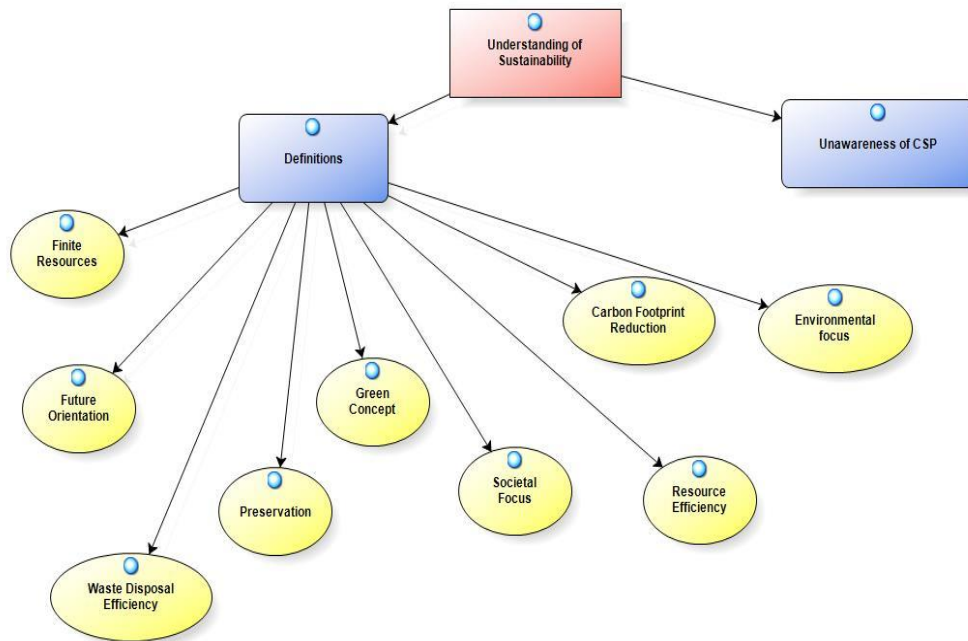
Figure 4.13: Nvivo model of Understanding Sustainability broad theme and its sub-themes

As part of explaining what they understood as sustainability, respondents gave various definitions of the term 'sustainability'. These responses were then categorised according to their focal points resulting in nine sub-themes. The sub-themes and their respective data extracts are depicted in the table below.

Table 4.9: The Definitions of Sustainability theme with its sub-themes and relevant data extracts

BROAD THEME	SUB-THEME	DATA EXTRACTS
Definitions of Sustainability	Carbon Footprint Reduction	'Reducing our carbon footprint which we can do in so many ways by making sure that we reduce our energy use and being more efficient in terms of the environment. That's my understanding of what sustainability is' *(P13)*
	Environmental Focus	'Sustainability is important, it's about preserving our natural resources; using sustainable raw materials and environmentally friendly packaging' *(F. Group)*
	Finite Resources	'It's about making efforts to make sure that we don't use up all of our natural resources' *(P12)*
	Future Orientation	'In my understanding, I see sustainability as preserving what we've got, the resources we have, keeping what we have for the future generations' **(P1)**
	Green Concept	'I see sustainability in terms of going green, preserving the earth, energy preservation, recycling, things like that' *(P23)*
	Preservation	'Basically sustainability I would say is the actions that we take to preserve our environment' *(P10)*
	Resource Efficiency	'we have limited resources available, so sustainability is about managing them efficiently and make sure there's something left for the others' *(F. Group)*
	Societal Focus	'There's the ethical aspect as well. Being ethical in terms of labour, hiring, the materials we use and how we source those materials as well as the environment, those are all very important aspects of sustainability' *(P7)*
	Waste Disposal Efficiency	'For us as a business, it means being mindful of the environment in the processes that we use in our manufacturing, the kinds of raw materials we use and how we dispose of our wastes' *(P16)*

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Unawareness of Current Sustainability Practices (CSP)

In some cases, respondents were unaware that some of the activities they currently

engaged in represented sustainability. Such responses were coded to the 'Unawareness of

Current Sustainability Practices' theme. Table 10 depicts some of the data extracts relevant

to this theme.

Table 4.10: The Definitions of Sustainability theme with its sub-themes and relevant data extracts

Theme	Data Extracts
Unawareness of CSP	'We manage our energy and water use very closely, essentially because it saves us money at the end of the day; we never saw doing that as part of sustainability' **(P4)** 'I don't see things like employee welfare so much as part of sustainability. Perhaps it is, but I don't see it. I think it's just something I do as a person. I don't see it so much as being related to sustainability' **(P18)** 'I didn't realise that getting involved with the community was part of sustainability, thought sustainability was only about the environment' **(P10)**

Business Model

In line with *objective one* of this study which was to understand the current sustainability

behaviour of UK manufacturing SMEs, respondents were asked about the underlying

principles guiding the way they currently run their businesses. The aim was to ascertain if

they are being run according to the traditional business model which is driven by cost,

profit, quality etc. or by sustainability principles. Only responses that indicated a general

inclination to the traditional model of business were coded to the 'Business Model' theme.

Table 11 below illustrates the Business Model theme and its relevant data extracts.

Table 4.11: Business Model theme with some relevant data extracts

Broad Theme	Data Extracts
Business Model	'Cost and also quality. The main thing for us is quality' *(P11)* 'Our criteria for selecting our suppliers is more focused on the quality of products they can provide for us , how quickly they can deliver and their price' *(P1)*

Current Sustainability Behaviour

Also in line with *objective one*, respondents were asked about conscious or unconscious

actions they took in line with sustainability. Reponses showcased respondents' current

sustainability behaviour in terms of their current sustainability practices, both

environmental and social, as well as the existence of a sustainability policy in their

businesses. Therefore, the broad theme of 'Current Sustainability Behaviour' is sub-divided

into the sub-themes 'Current Sustainability Practices' and 'Sustainability Policy'. The figures

below illustrate the Current Sustainability Behaviour theme as well as its sub-themes.
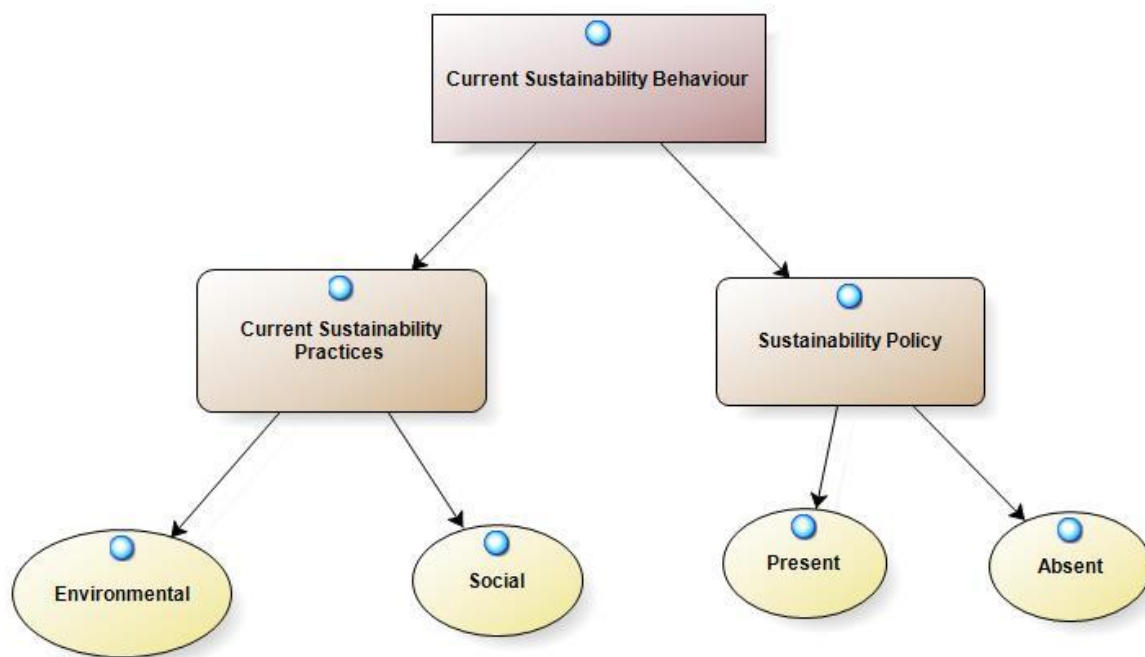
Figure 4.14: Nvivo model of Current Sustainability Behaviour broad theme and its sub-themes

Current Sustainability Practices

Responses indicating the sustainability practices that respondents currently engage in are collated under this theme. The responses are further categorised into 'Environmental' and 'Social' sub-themes to indicate environmental sustainability practices and social sustainability practices respectively. These are illustrated in the figures below.
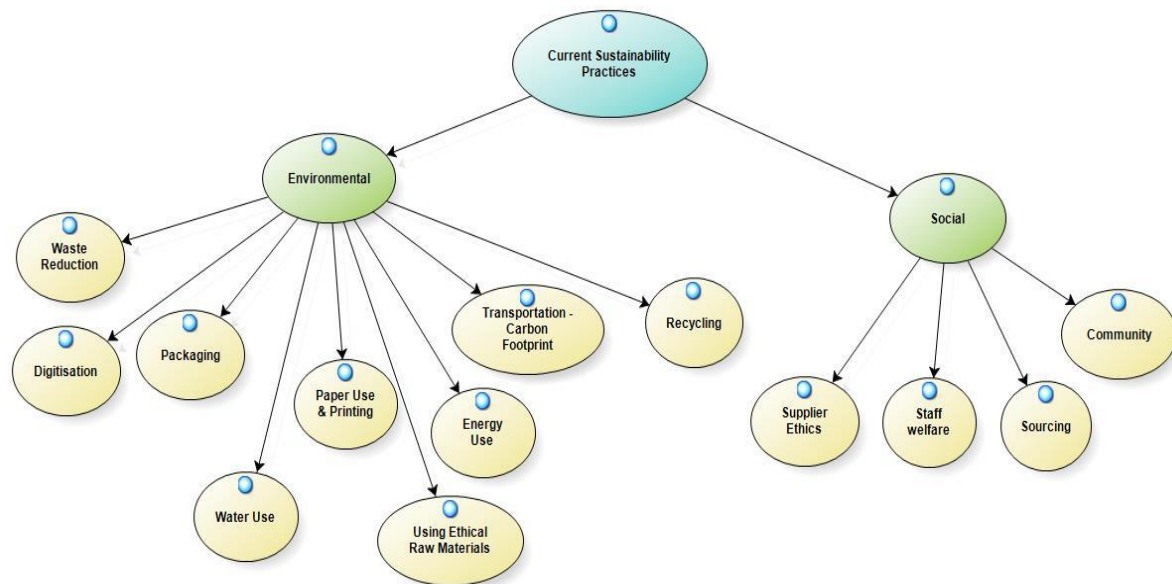
Figure 4.15: Nvivo model of Current Sustainability Practices theme and its sub-themes

Figure 4.16: Nvivo Screenshot of Current Sustainability Practices Theme with its sub-themes

BROAD THEME	SUB-THEME	DATA EXTRACTS
Environmental	*Digitisation*	'We use emails and smart phones to do a lot of our work and communicating - that cuts down on commuting and is actually a more efficient way to work' *(F. Group)* 'Instead of having paper files, we now have electronic files. So what we've done is that we've bought like a data storage/ cloud where we put all our stuff, we've scanned all our documents onto the cloud' *(P13)*
	Energy Use	'Yes definitely, we make sure that our energy use is in line with the environment' *(P18)* 'We try to make sure that we use our energy resources as efficiently as possible - because there's a cost attached as well. So, gas, electricity, water, lighting, heating, we keep a close eye on their usage - these things affect the environment as well' *(P15)*
	Packaging	'we try to make sure that the packaging we use is eco-friendly and also as minimal as possible' (P28) '… reusing where possible and reducing our packaging' *(P2)*
	Paper Use & Printing	'We only print when we absolutely need to. We want to make everything paperless as much as we can' *(P13)* 'We try to manage our printing and use electronic copies of documents instead' *(F. Group)*
	Recycling	'We try to do recycling, generally, we try to engage in separating our waste, we separate into recyclable and non-recyclable material' *(P19)* 'Recycling. Of course we have to recycle things and use things again as much as we can' *(P24)*
	Transportation – Carbon Footprint	'As much as we can, we cut down on travelling and commuting for meetings and the like, we use emails, phones and video calls instead' *(F. Group)* 'We do, we certainly do. Because of the line of business we're in, things like food miles and carbon footprint are very important to us' *(P20)*
	Using Ethical Raw Materials	'Obviously it important to us to know make sure that the materials we're using are ethically sourced' *(P3)* 'We scrutinise our suppliers to make sure what we get from them is ethically sourced' *(F. Group)*
	Waste Reduction	'We do reduce our food wastes. So how we prepare our food, we keep it to just enough and we make sure that we're not throwing out lots and lots of food *(P11)*
	Water Use	'We don't leave the taps running, we make sure these things are checked at the end of the day before we shut the place down so we're sure nothing is dripping or leaking' *(P2)*
Social	*Community*	'We've done some charity work in our time since we've been here. We've do quite a lot of events to benefit charities' *(P28)*
	Sourcing	'When we look at raw materials, we consider where we're buying things from … we make sure that all the factories that we work with, from an ethical point of view, don't have anything to hide' *(P22)*
	Staff Welfare	'We take our staff welfare very, very seriously. Without our staff, the business wouldn't function' *(P7)*
	Supplier Ethics	'We scrutinise our suppliers to make sure what we get from them is ethically sourced' *(F. Group)*

Sustainability Policy

As the presence or absence of a sustainability policy in respondents' businesses would

impact their current sustainability behaviour, respondents were asked about this.

Responses were coded under the 'Sustainability Policy' sub-theme and further categorised into responses indicating the presence of a sustainability policy (Present) and the absence of a sustainability policy (Absent). Figure 17 below illustrates this node and its sub-nodes while table 16 depicts the theme and its related data extracts.
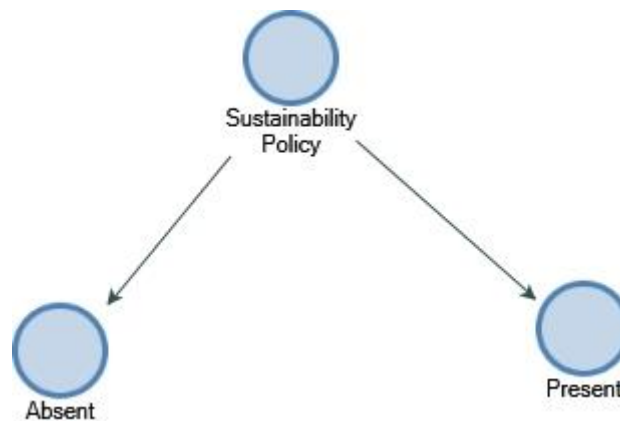
Figure 4.17: Nvivo model of Sustainability Policy theme and its sub-themes

Table 4.13: Sustainability Policy theme with relevant data extracts

THEME	SUB-THEME	DATA EXTRACTS
Sustainability Policy	*Absent*	'No, we don't. We've not seen a need for that so far, especially being a relatively small organisation' *(P1)* 'No we haven't got any specific policies in place for sustainability, but we do what we can' *(P14)*
	Present	'Yes, we have a sustainability in place because it' important to us as a business - we want to be able to say this is what we stand for' *(F. Group)* 'And we do take it very, very seriously. That's why we have policies around sustainability within our business. We need to put in place policies that guide our staff' *(P13)*

Current Sustainability Behaviour (CSB) Factors

To achieve objective two of this study, respondents were asked about the factors that affect their current sustainability behaviour. Responses were categorised into the sub-themes 'Benefits of CSB', 'CSB Challenges', and 'Drivers of CSB'. The 'Benefits of CSB' theme is categorised into 'Tangible Benefits' and 'Intangible Benefits' while the 'Drivers of CSB' theme is sub-divided into 'Competitive Advantage', 'Financial Savings', 'Management', 'Moral Satisfaction' and 'Sustainability Regulations'. The 'Sustainability Regulations' theme

is further categorised into the 'No' and 'Yes' sub-themes to indicate the absence or presence of sustainability regulations that affect respondents' businesses respectively. Figure 18 below illustrates the broad theme 'Current Sustainability Behaviour' and all the sub-themes associated with it.
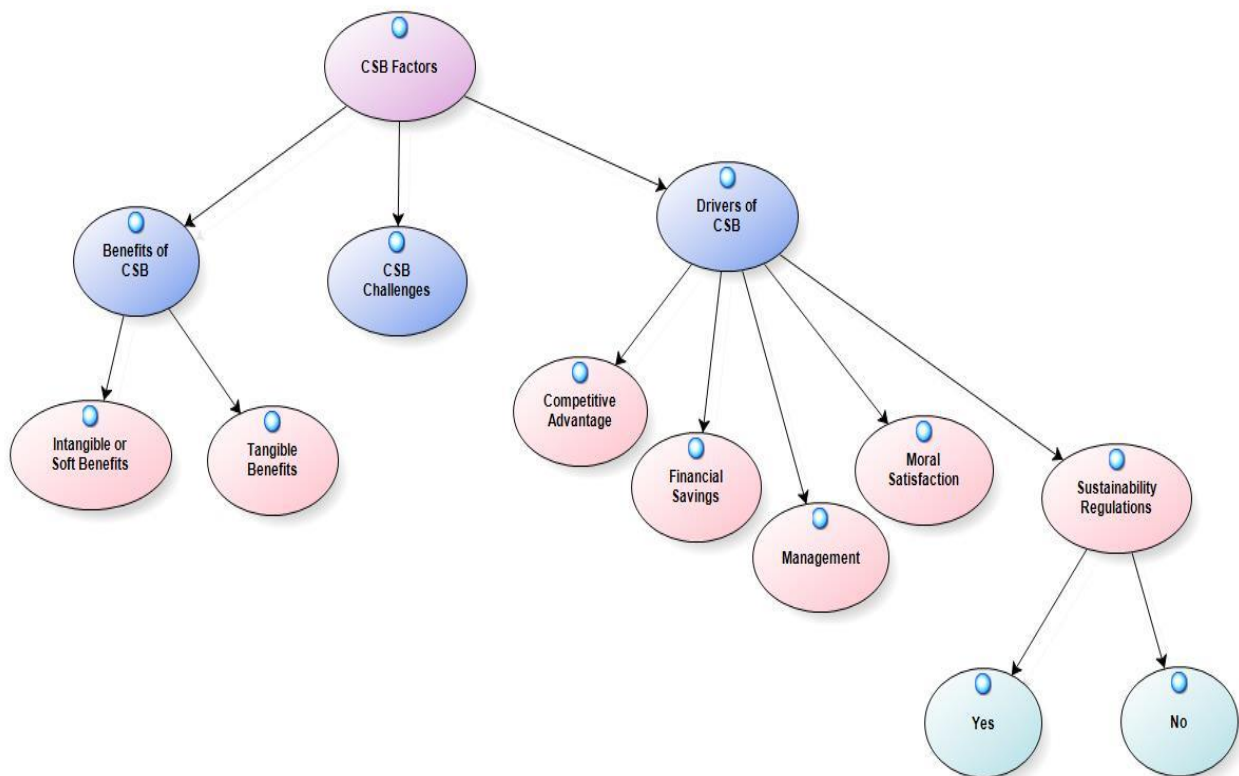
Figure 4.18: Nvivo Screenshot of Current Sustainability Behaviour (CSB) Factors Theme with its sub-themes

Benefits of CSB

Respondents were asked if they realised any benefits from the current sustainability practices that they engage in. as responses were varied, they were sub-categorised into 'Tangible Benefits' and 'Intangible Benefits'. Responses that indicated quantifiable benefits such as financial savings, time savings, increase in customer/market share, brand improvement etc. were categorised as 'Tangible Benefits' while those that indicated the softer, less quantifiable benefits of sustainability such as the moral satisfaction derived from

it were categorised as 'Intangible Benefits'. Table 19 below depicts the 'Benefits of CSB' theme with its sub-themes and relevant data extracts.

Table 4.14: Benefits of CSB theme with relevant data extracts

THEME	SUB-THEME	DATA EXTRACTS
Benefits of CSB	*Intangible or Soft Benefits*	'And then there's the added satisfaction of being a business that's run to ethical standards - that's very important to us' *(P14)* 'I think we benefit more from the community aspect because we are involved in a number of projects with our community and local charities' *(F. Group)*
	Tangible Benefits	'I do some things not necessarily because I want to. Things like turning off lights and appliances when we don't need them, turning off the heating when it's warm, there's a cost involved in keeping these things running. I don't want to be paying for stuff when I don't need to. So that's what I'm thinking about' *(P11)* 'Definitely; which is why it's something that we take very seriously. Being sustainable separates us from the rest and makes our brand a lot more attractive to our customers. Let's face it, doing sustainability brings us more business, so it's good for our bottom line' *(P21)*

Challenges of CSB

A variety of responses were given about the challenges respondents face with engaging in their current sustainability practices. Some data extracts relating to this are provided in the table below.

Table 4.15: Challenges of CSB theme with its sub-theme and relevant data extracts

BROAD THEME	SUB-THEME	DATA EXTRACTS
CSB Factors	*CSB Challenges*	'We do face challenges. Like I mentioned, changing behaviours can be a very difficult thing. And again there is initial cost outlay' *(P13)* 'To be honest, it's a bit of a burden having to do all these things and it can get a bit tiresome' *(P17)* 'But we still have an issue because most of our clients, especially the older generation still want to follow the traditional way of doing business, using paper, face to face meetings and the like.' *(P22)* 'But in some respects, it can be seen as a burden as well because you're pretty much trying to micro-manage so to say. You're trying to be conscious of things, which is hard work really. Thinking about ok how many pages do I need to print when I can just press print and it goes on. So those are the sort of downsides of it' *(P30)*

Drivers of CSB

Respondents were asked to discuss what the drivers of their current sustainability behaviour were. Based on the emergent themes, responses were categorised into the sub-themes of 'Competitive Advantage', 'Financial Savings', 'Management', 'Moral Satisfaction', and

'Sustainability Regulations'. The Sustainability Regulations theme was also split into responses that indicated a positive or negative response. The table below depicts this theme, its sub-themes and the relevant data extracts.

Table 4.16: Drivers of CSB theme with its sub-themes and relevant data extracts

THEME	SUB-THEME	DATA EXTRACTS
Driver of CSB	*Competitive Advantage*	'I think it improves our brand, it makes us more marketable' **(F. Group)** 'And then obviously with the ethical side of working with our suppliers, it just means we get better quality. We get better results as well because you're working with companies that are more socially responsible. So that means generally their standards are typically higher than those other organisations' **(P24)**
	Financial Savings	'You can see that there's a direct correlation in saving and on those sorts of activities, it reduces costs; so that would be a stronger driver than the environment' **(P3)** 'at the end of the day, we do save a bit of money here and there, so that makes it all worth it' **(P17)**
	Management	'I think it's more management than anything else that cares about sustainability; you know the movement, the green movement. It's more of a managerial thing' **(P12)** 'For us, that would be the management, it all boils down to management at the end of the day' **(P2)**
	Moral Satisfaction	'So there's the financial benefit and there's also the satisfaction of knowing that you're contributing to the environment one way or another' **(P13)** 'Because not only that we will be saving cost, but at the same time we're saving the environment, which again is also very important to us' **(P22)**
	Sustainability Regulations	**No** – 'No, none at all. The only dealing with have with the government is through the council in the form of the business rates that we've just talked about. But other than that, no, no regulations, nothing to comply with as regards sustainability' **(P1)** **Yes** – 'Yes there are sustainability, more like environmental regulations that guide our line of business and which we have to comply with otherwise we get hit with fines and sanctions and the like' **(P5)**

Objective Two: To determine from UK manufacturing SMEs' perspectives the factors that will affect their improved corporate sustainability behaviour.

The discussion on corporate sustainability centred on four main themes, namely Issues with Corporate Sustainability, Potential Value of Corporate Sustainability, Corporate Sustainability Factors and Situational Factors. Each of these themes and their sub-themes are discussed in the sections below.

The Corporate Sustainability Factors theme and Situational Factors theme formed the basis of the theoretical framework derived from the study. This framework is illustrated in Figure

23 below. However, details of the framework and its development are provided in the next chapter, Chapter Five, Theoretical Framework.

Issues with Corporate Sustainability

Responses about what respondents felt were the issues with engaging in corporate sustainability were coded to this theme. A myriad of issues were raised about corporate sustainability and these were categorised into several sub-nodes as illustrated below.

Figure 4.19: Nvivo Screenshot of Issues with Corporate Sustainability Theme with its sub-themes
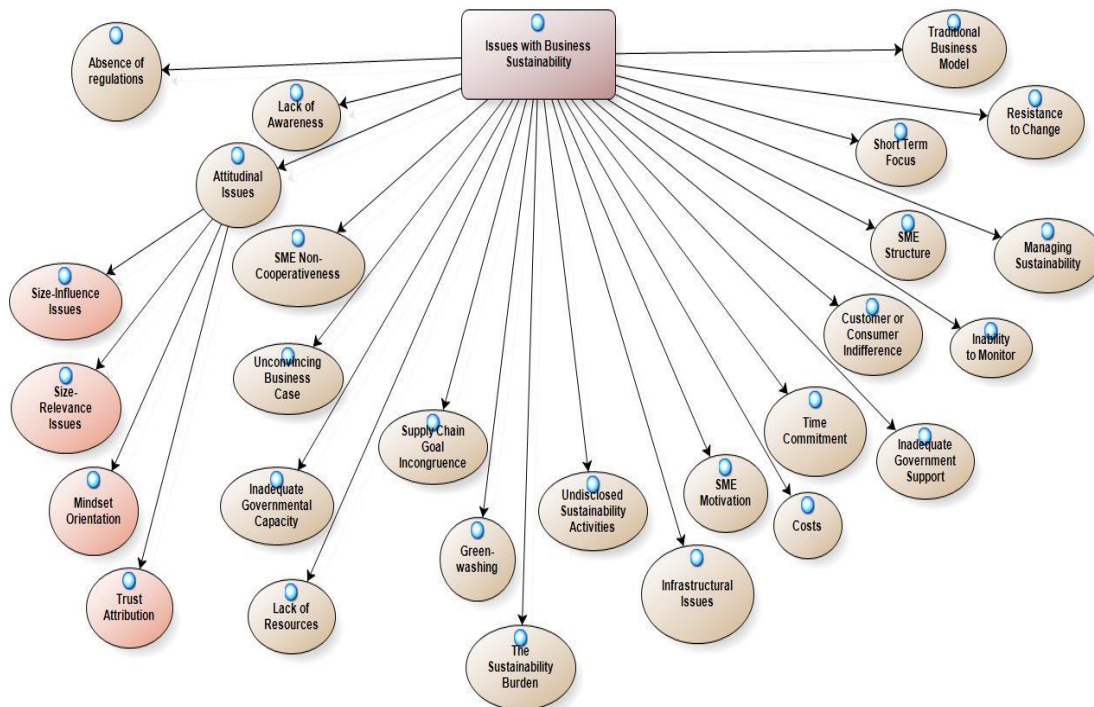
Figure 4.20: Nvivo Model of Issues with Corporate Sustainability Theme with its sub-themes

The tables below depict the references associated with this the Issues with Corporate

Sustainability theme, as well as its sub-themes and some relevant data extracts.

Table 4.17: Issues with Corporate Sustainability theme with its main sub-themes and relevant data extracts

Broad Theme	Sub-Theme	Sub-Theme	Data Extract
Issues with Corporate Sustainability	*Absence of Regulations*		'As long as there's no requirement in the law to say do it this way or do it that way, then nobody is really going to change anything. I think it has to come from the top before people start to think about it. It has to be a sort of legal requirement before people start to worry or consider doing things differently' *(P12)*
	Attitudinal Issues	*Mind-set Orientation*	'It's about a mind-set change, a re-orientation of the mind if you like. For this, sustainability to work, we need people to more or less change their way of thinking' *(P15)*
		Size-Influence Issues	'there's only so much we can do as a small business, we don't have that much impact; the real push needs to come from the government or maybe customers' *(F. Group)*
		Size-Relevance Issues	'I think sustainability is just not something that they would think about when it comes to us because of how small we are. There are no expectations from us as such' *(P3)*
		Trust Attribution	'Our customers trust us; they know we do our background checks, so they have nothing to worry about' *(R23)* 'That's not something we've particularly looked into, but because all the suppliers we deal with are highly reputable and have a good track record ... they've been around for quite some time, we expect that they are doing the right thing, we trust them, so we don't have any concerns about them' *(P1)*

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Broad Theme	Sub-Theme	Sub-Theme	Data Extract
	Costs		'The costs required for sustainability at that level can be prohibitive' *(F. Group)*
	Customer or Consumer Indifference		'I think in our industry or as a small business, the sort of clients that we're dealing with don't really care about you being green, you see what I mean. So, it's not something that we've actually thought about and said yes, we think it will be beneficial, will give us a good reputation, will give us a competitive advantage, no' *(P9)*
	Inability to Monitor		'It's difficult to monitor, I mean, how exactly would you monitor a thing like ustainability?' *(F.Group)*
	Inadequate Government Support		'the government has the power but they don't do much, no regulations, no interest really' *(F.Group)*
	Inadequate Governmental Capacity		'Because all you really want to see is proof that somebody is doing something. And then how you go about measuring that and checking that … and government would not have the full resources or capacity to do it, so it has to be self-driven and anything that's self-driven, you know maybe 50% of the SMEs would do it and the other 50% won't touch it' *(P27)*
	Infrastructural Issues		'The building we use as an office is really old and so requires more resources to run – especially the heating. So basically, infrastructure has a huge part to play in a business being sustainable' *(P5)*
	Lack of Resources		'I think because, we're quite a small company, I mean, really if you think of it, there's four people really sort of running things in our core unit, so we have to be very careful how much we can stretch, how much we can stretch our time in different directions' *(P23)*
	Lack of Awareness		'Most people don't realise that doing seemingly little things can make a difference. Cos a lot of people feel sustainability is this big thing, and they don't quite know how they fit into it and the things they can do' *(P17)*
	Managing Sustainability		'For starters, it's a small business, and we have our hands full just trying to stay in business. So, while it's good to do these things, we need to carefully weigh them and see if we can afford the cost or the time and if we think it's worth our while' *(P25)*
	Resistance to Change		'And also people being resistant to change – this is how we do it. Especially in a small business' *(P8)*
	SME Motivation		'So, if sustainability can be done without it affecting cash flow negatively ….. but one needs to *see* how that would actually work before implementing. There's no way I'm going to invest in certifications or environmental management systems when I'm still trying to juggle with cash flow' *(F.Group)*
	SME Structure		'I mean, as a small business, one of the first problems you experience is just trying to make ends meet, just trying to pay your business rates, your tax, your salaries, your … all these things need to be paid. So your first focus is always on we need to make money, we need to make more money, your turnover' *(P23)*
	Supply Chain Goal Incongruence		'Sometimes what we buy and everything, even though we want to make it environmentally friendly, the other party too sources from different places. You get an idea of they think the same way, but that may not always be the case. So it's almost like the policy would be there, but the implementation is highly variable' *(P4)*
	The Sustainability Burden		'it's a bit of a burden having to do all these things and it can get a bit tiresome' *(P19)*

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Potential Value of Corporate Sustainability

Respondents were asked if they felt that corporate sustainability held any potential value

for their businesses and what kind of value they felt it could provide for their businesses.

Reponses to this question were coded to this theme. The percentage of responses for this

theme and some of the relevant data extracts are depicted in the tables below.

Table 4.18: Potential Value of Corporate Sustainability theme and relevant data extracts

Broad Theme	Data Extracts
Potential Value of Corporate Sustainability	'I think it's a very important concept and we all contribute one way or another to what our world has become now, so it's only proper that we do our part to improve it, so yeah, sustainability is a way forward' *(F. Group)* 'It could benefit the brand image if we publicise the fact that oh we're green and we try to save energy and save the earth. It makes a difference. Companies who are doing that now are looking more attractive to consumers' *(P22)* 'In the long run, absolutely, it makes business sense' *(P9)*

Corporate Sustainability Factors

All the factors identified by respondents as pertinent to their improved corporate

sustainability behaviour were coded under this broad theme. The Corporate Sustainability

Factors theme was then categorised into four sub-themes; the *Capacity Building* theme

representing responses that indicate a need for SME capacity to be built for corporate

sustainability, the *Organisational Attitude* theme representing responses identifying SMEs'

positive or negative attitude towards corporate sustainability as a key factor, the *Resource

Constraints* theme representing responses indicating financial and time constraints as

pertinent to their corporate sustainability behaviour and the *Stakeholders* theme indicating

responses highlighting stakeholder involvement in the form of their interest in SMEs'

involvement in corporate sustainability (Stakeholder Attitude) and stakeholders' ability to

engender change in behaviour in SMEs for corporate sustainability by demanding more

sustainable offerings from them (Stakeholder Influence) as major factors crucial to their

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corporate sustainability behaviour. This broad theme and its sub-themes constituted a

significant part of the theoretical framework derived from the study as illustrated in Figure

23 below.

The Corporate Sustainability Factors theme and its associated sub-themes are illustrated in

the figure below. Some of the relevant data extracts as well as the percentages of

respondents that contributed to each theme are also indicated in the tables below.
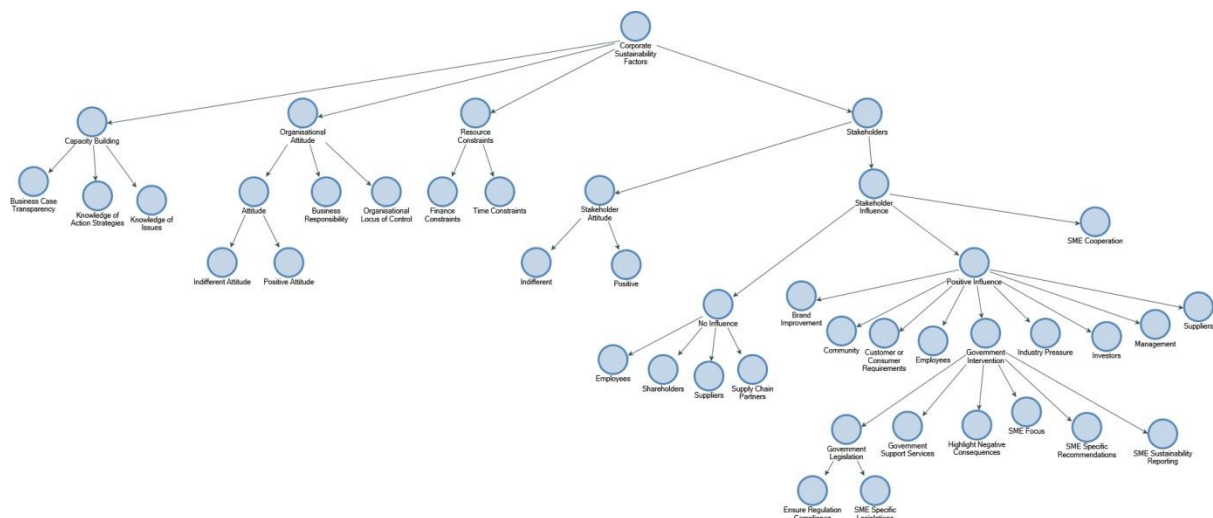
Figure 4.21: Nvivo model of Corporate Sustainability Factors theme and its sub-themes

Table 4.19: Corporate Sustainability Factors theme with its main sub-themes and relevant data extracts

Broad Theme	Sub-Theme		Data Extracts
Corporate Sustainability Factors	*Capacity Building*	*Business Case Transparency*	'The business case for sustainability as it applies to SMEs needs to be clear because as it stands now, it doesn't appear realistic for SMEs' *(F.Group)*
		Knowledge of Action Strategies	'We need something that gives guidance on what SMEs need to be doing about sustainability and how we can realistically achieve these things' *(P11)*
		Knowledge of Issues	'There would also need to be a lot of information and awareness on what sustainability is all about - a lot of people, business owners are still in the dark about what sustainability is in real terms. Yes, we all know the big issues, the ozone layer, cut poverty, preserve natural resources and all that and those are like huge, stuff that countries and the UN and continents are debating over, but that doesn't mean anything to the small business owner' *(P1)*
	Organisational Attitude	*Attitude*	'It's definitely something that we do. We make every effort to run the business as an ethical business *(P16)* 'At the moment, I would have to say no. Unless there was a strong business case for it. I mean really, why would we?' *(P9)*
		Business Responsibility	'we make efforts to balance environmental responsibility and social consciousness in the way the business is run' *(F.Group)*
		Organisational	'As a small company, there's not much we can do to tackle

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Broad Theme	Sub-Theme		Data Extracts
		Locus of Control	sustainability issues. It's too broad, we wouldn't be able to make much of an impact' *(P20)* 'The government is not doing enough, some direction would be helpful and possibly some incentives to encourage small businesses that are going green and at the same time motivate the ones that are lagging behind' *(F.Group)*
	Resource Constraints	*Finance Constraints*	'A lot of times, these things would affect your costs, increase your expenses, it would increase your overheads' *(P14)*
		Time Constraints	'I think sometimes it's more the effort and the time that goes into the whole changing of how you work is what would make any organisation reluctant as against the cost of things' *(P7)*
	Stakeholders	*Stakeholder Attitude*	'consumers would be the strongest influence for us, but like somebody mentioned, they don't care, nobody asks about these things' *(F.Group)*
		Stakeholder Influence	'Of course if my client puts pressure on me to make sure I do something more smartly and make my products more environmentally friendly, then of course I would have to comply' *(P15)*
		SME Cooperation	'It would be great if most small businesses could band together to do something. Some of us are stronger than others and we can push one another' *(P19)*

Situational Factors

Other factors outside of the control of the respondents that could affect their corporate sustainability behaviour either positively or negatively were categorised as Situational Factors. Responses collated to this theme were further categorised into the following sub-themes: **Business Rates** (the tariffs SMEs are required to pay for energy and utility consumption because they are businesses, not individuals), **Enabling Factors** (circumstances that would make it easier for SMEs to engage in corporate sustainability, for instance the provision of recycling bins by the government), **Management's Background** (SME owner/managers' work or educational background that gives them a better understanding of sustainability, thereby affecting their business' inclination to corporate sustainability), **Management's Personal Values** (the personal value SME owner/managers place on sustainability and how this in turn affects the way they run their businesses) and **Business Premises** (this reflects situations in which SMEs' run their businesses out of old

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buildings which are considerably less eco-friendly and therefore cost much more to maintain).

The diagram below indicates the Situational Factors theme and its sub-themes while the tables show the relevant data extracts and percentages of responses that contributed to the theme.
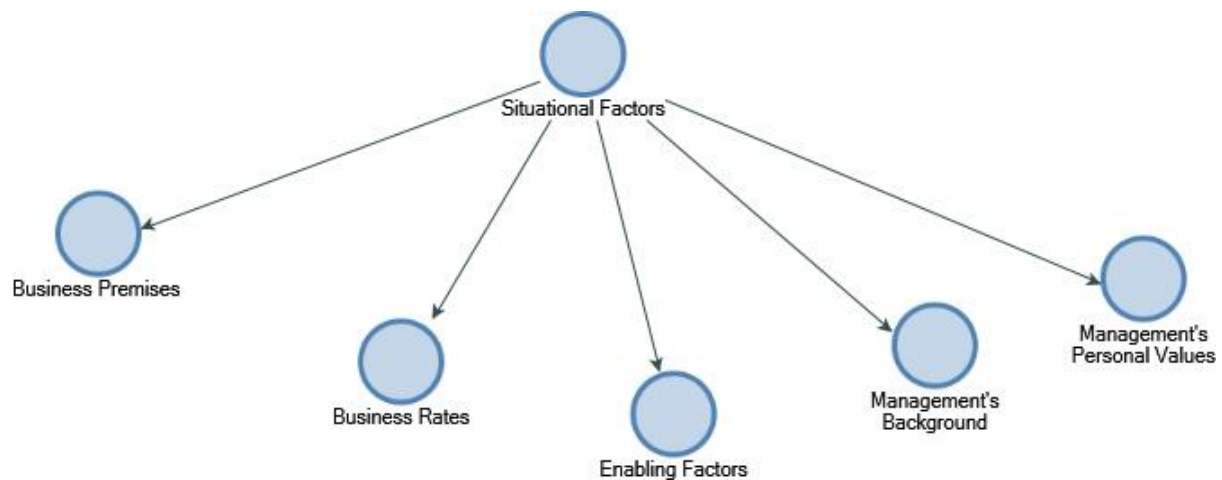
Figure 4.22: Nvivo model of Situational Factors theme and its sub-themes

Table 4.20: Situational Factors theme with its sub-themes and relevant data extracts

Broad Theme	Sub-Themes	Data Extracts
Situational Factors	*Business Rates*	'As it stands already, we're paying quite a lot because of business rates' *(P1)*
	Enabling Factors	'The council for us generally don't do anything as far as I'm concerned anyway. They don't even come and take away our dustbins so …' *(P13)*
	Management's Background	'But that is borne out of huge experience because my background is in engineering and I've managed factories and I've been involved in a lot of environmental programmes and even driving us to ISO18001 and all that type of stuff' *(P27)*
	Management's Personal Values	'And also, there's a sort of personal side to it where just for wanting to contribute something back to the society, to the community at large, you want to do things the ethical way' *(P23)*
	Business Premises	'And our building is really old. Doesn't seem to retain heat so our heaters are always on' *(F.Group)*
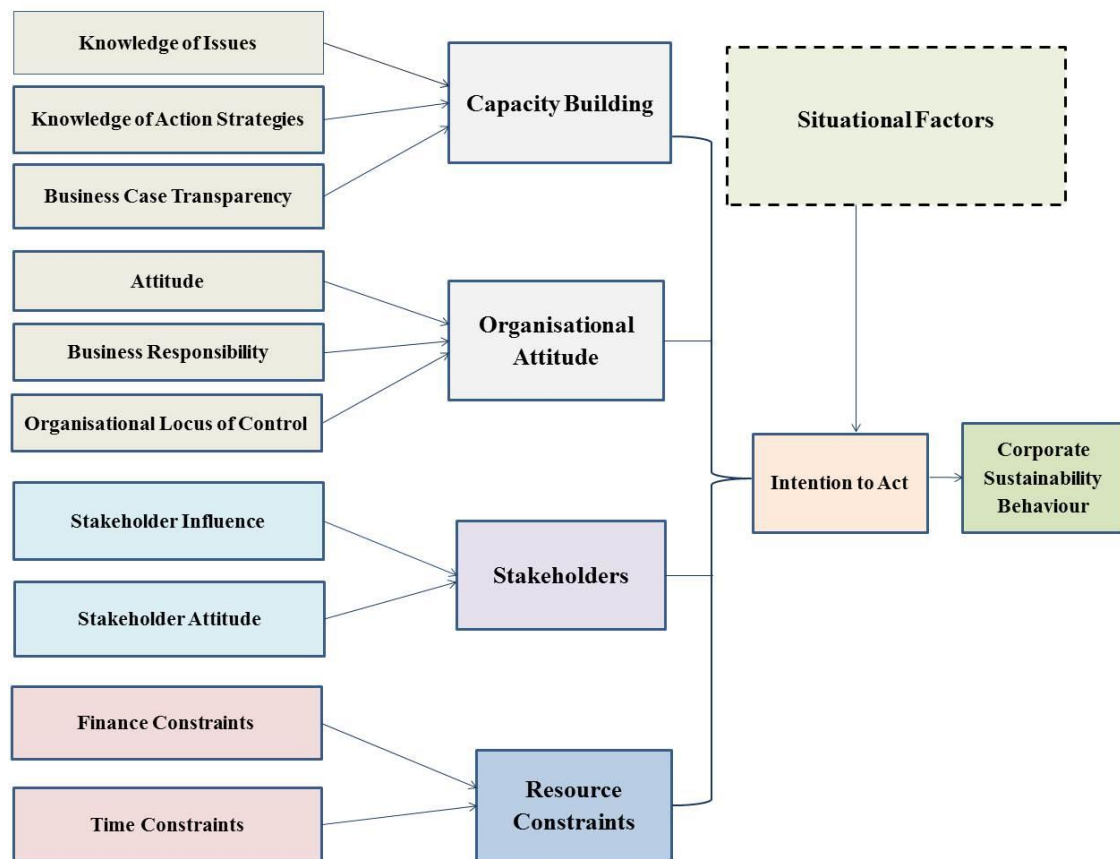
Figure 4.23: Theoretical framework of factors affecting SMEs' corporate sustainability behaviour

The theoretical framework illustrated above was developed from the themes derived from analysing the main study data. It represents the key factors identified as affecting UK manufacturing SMEs' corporate sustainability behaviour. Based on the outputs of the data analysis, it is proposed that building SMEs' capacity, their organisational attitude, stakeholders, resource constraints as well as situational factors all affect SMEs' intention to take action for corporate sustainability.

Further details of this theoretical framework and its development are provided in the next chapter, Chapter Five, Theoretical Framework.

Objective three: To propose recommendations for improving UK manufacturing SMEs'

corporate sustainability behaviour.

The basis for meeting this third objective is the theoretical framework developed from this

study as the recommendations proposed for UK manufacturing SMEs' corporate

sustainability behaviour are derived from it. Details of these recommendations are provided

as part of the Findings and Discussions chapter, Chapter Six.

SME Corporate Sustainability Toolkit (SCST)

One of the interesting points that emerged from the preliminary study interviews was the

notion of a SME Corporate Sustainability Toolkit to serve as a guide or roadmap for SMEs in

navigating corporate sustainability. This point was further explored in the main study and it

was found that majority of respondents agreed with this idea and believed that such a

toolkit would be beneficial to their businesses. Responses relating to this were coded under

the broad theme, 'Toolkit' and were further categorised into the sub-themes 'Toolkit Trial'

and 'Toolkit Value'. Responses indicating respondents' opinions on the potential value of

the toolkit were coded to 'Toolkit Value' while responses indicating their willingness to try

out such a toolkit were coded to 'Toolkit Trial'. Majority of the respondents believed that it

would be useful and valuable to their businesses while a few were indifferent to the idea.

And all but one of the respondents was willing to try it out. Figure 4.24 below illustrates the

'Toolkit' broad theme with its sub-themes while the relevant data extracts are depicted in

table 4.21.
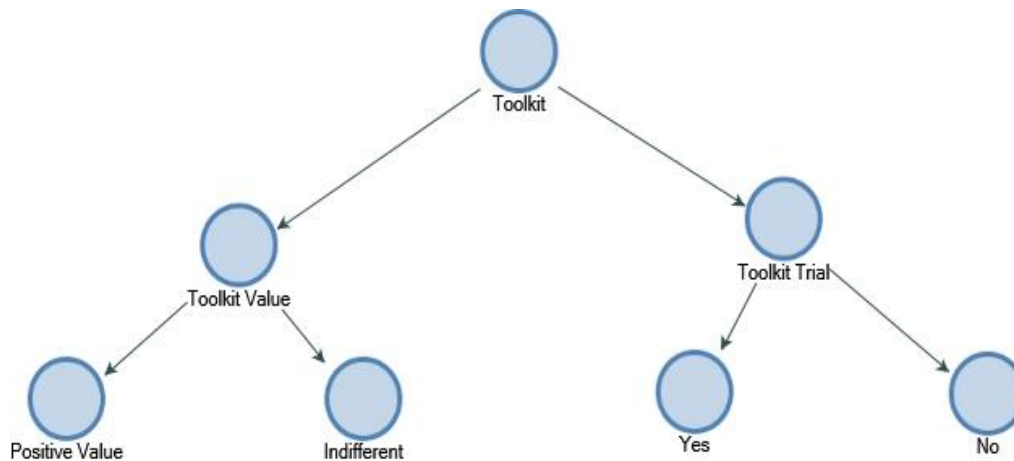
Figure 4.24: Nvivo Screenshot of the Toolkit Theme with its sub-themes

Table 4.21: The Toolkit theme with its main sub-themes and relevant data extracts

Broad Theme	Sub-Theme	Sub-Theme	Data Extracts
Toolkit	*Toolkit Value*	*Indifferent*	'I'm not so sure. It depends' *(P5)*
		Positive Value	'I definitely think that a toolkit like that would be useful, essential even to help businesses like ours' *(F. Group)* 'Absolutely. At least it would be a start and then businesses can then see for themselves why this is important for them not just for the world at large' *(P10)*
	Toolkit Trial	*No*	'I don't think so. It would require too much time' *(P5)*
		Yes	'We would be happy to' *(P16)* 'I'm certainly willing to try it, anything that will simplify how we can operationalize sustainability at our level is welcome' *(F. Group)* 'Yes we would. That's just the type of thing we need. It would be a big help' *(P2)*

Key Quotes

Poignant comments made by respondents' on different aspects of the discussion on SME corporate sustainability behaviour were collated as Key Quotes. These were then further categorised into sub-themes as illustrated in the figure below. The Key Quotes theme, some of the sub-themes and their data extracts are depicted in table 4.22.
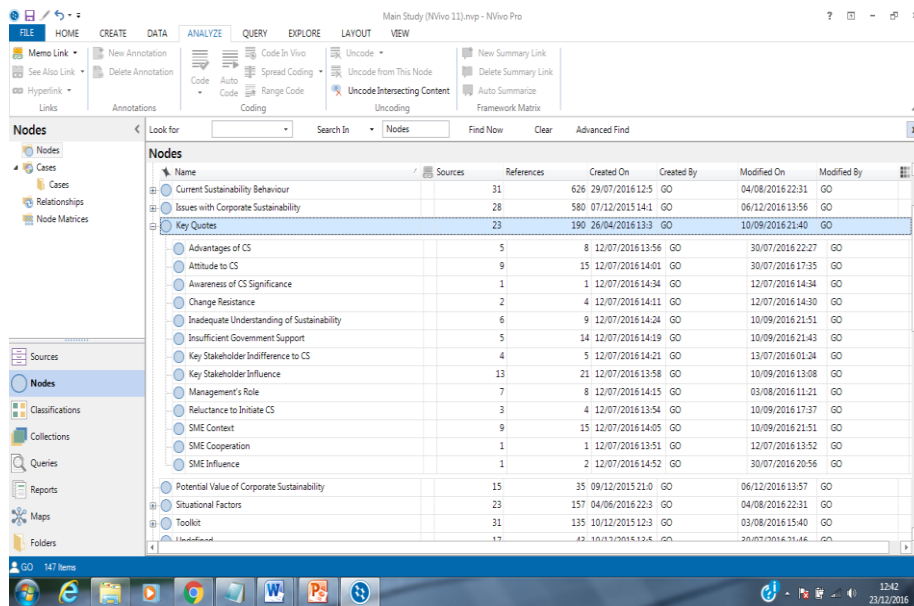
Figure 4.25: Nvivo Screenshot of the Key Quotes Theme with its sub-themes

Table 4.22: Key Quotes theme with its main sub-themes and relevant data extracts

Broad Theme	Sub-Themes	Data Extracts
Key Quotes	*Advantages of CS*	'We find that customers want to associate with a business that is socially and environmentally responsible. Though they may not demand for these qualities, they would naturally gravitate towards businesses that are being sustainable' *(P15)*
	Attitude to CS	'I think we're doing as much as we can, not any more than we should; and we'll just keep things that way for now' *(P24)* 'everybody has got a quota to contribute when it comes to sustainability; it's just about finding creative ways to do what you can towards sustainability' *(P30)*
	Change Resistance	'But obviously the people with resistance to change will always be there, no doubt about that' *(P13)*
	Inadequate Understanding of Sustainability	'They might not know it like that (as sustainability), the name is quite fanciful, it's more of a buzzword' *(P27)*
	Insufficient Government Support	'We need an enabling environment for sustainability to work and I think that kind of support can only come from the government' *(F.Group)*
	Key Stakeholder Indifference to CS	'Suppliers don't really care, the customers can't be bothered' *(P24)*
	Key Stakeholder Influence	'There's only so much we can do as a small business, the real push needs to come from the government or maybe customers' *(F.Group)*
	Management's Role	'It all boils down to management at the end of the day. Even if there are regulations or government requirements for sustainability or our customers start asking for green stuff, it's still down to us as the management to implement and make it happen' *(P2)*
	Reluctance to Initiate CS	'So it wouldn't be something that we would do on our own or initiate' *(P24)*
	SME Context	'What works in larger companies doesn't work in SMEs; SME is too broad, there's a vast difference between small businesses and so called medium businesses' *(F.Group)*

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4.4.6 Conclusion of Data Analysis

Overall, the Thematic Qualitative Analysis process followed for analysing the data for this study resulted in a broad range of factors significant for UK manufacturing SMEs' corporate sustainability behaviour. It also facilitated meeting the objectives set for this study as a whole and the development of a theoretical framework for exploring factors affecting UK manufacturing SMEs corporate sustainability behaviour. Details of this framework are given in the next chapter, Chapter Five, Theoretical Framework.

5.0   Chapter 5 – Theoretical Framework

5.1   Overview

This chapter gives details of the theoretical framework employed for this research and how it was developed. First it provides some background into the theoretical underpinning identified for the study, and also demonstrates how this research evolved into a process of theory elaboration, the actual theory elaboration process and how this elaborated theory formed the basis for developing the theoretical framework.

5.2   Background

As mentioned earlier in this thesis, this study was conducted in two parts, described as the preliminary study and the main study respectively. The preliminary study was conducted as an exploratory study to ascertain the feasibility of the study and get a first-hand understanding of how UK manufacturing SME owner-managers view the concept of their corporate sustainability behaviour. Based on the findings from this part of the study and a further review of the literature, a suitable theoretical underpinning was identified for the rest of the study. This is in line with the abductive approach followed for the main study as referenced in Chapters Two and Three of this thesis. Following this approach, the theoretical underpinning for the study was introduced after data collection and analysis in a process of 'theory matching' (Dubois & Gadde 2002; Kovacs & Spens 2005). To this end, the Responsible Environmental Behaviour (REB) theory (Hines, Hungerford & Tomera 1987) was identified as the most suitable existing theory to frame the findings of the study. Furthermore, building on the data analysis of the main study and the theoretical lens

identified for the research, a theoretical framework for exploring the factors affecting UK manufacturing SMEs' corporate sustainability behaviour was developed.

In the course of analysis, it became clear that the REB theory on its own was not sufficient to address the empirical outputs of the study as it did not adequately cover the factors identified as affecting UK manufacturing SMEs' corporate sustainability behaviour. It was therefore extended to include some additional concepts and also combined with the Stakeholder Theory (ST) (Freeman 1984) to create a more robust theoretical framework for exploring the factors affecting UK manufacturing SMEs' corporate sustainability behaviour. This extension of an existing theory by including additional features or concepts and/or including other theories to make the existing theory better suited to the context of the research has been termed as theory elaboration or theory refinement (Childe 2011; Ketokivi & Choi 2014; Voss, Tsikriktsis & Frohlich 2002). For the purposes of this study, the term 'theory elaboration' is used. Where an existing theory is not sufficient in itself to fully explain the empirical findings from a specific research context, theory elaboration allows for the existing theory to be adapted by the inclusion of new concepts or removal of existing concepts in the theory to make it more suited to the context being studied. The theory elaboration process could also involve merging the existing theory with another theory or the inclusion concepts from another theory. Theory elaboration in this study involved both the inclusion of new concepts to the REB Theory (Hines, Hungerford & Tomera 1987) as well as merging it with another existing theory, Stakeholder Theory (Freeman 1984).

5.3   Theoretical lens for this study

The Literature Review Chapter (Chapter Two) included a review of relevant theories useful for underpinning sustainability research as identified from extant literature. On the basis of this review and an evaluation of the suitability for this research context, an elaboration of the Responsible Environmental Behaviour (REB) (Hines, Hungerford & Tomera 1987) theory was chosen as the theoretical underpinning for this study. This elaboration involved introducing new concepts to the REB theory as well as combining it with Stakeholder Theory (Freeman 1984) to make it more appropriate for use in the UK manufacturing SME corporate sustainability context. Even though the REB theory was originally developed for use at the individual level, it fits well with the context of this study as small and medium sized businesses have been highlighted as being run according to the personal inclinations and perspectives of their owner/managers (Hatak, Floh & Zauner 2015; Hillary 2000; Mazzarol & Reboud 2005; Revell, Stokes & Chen 2010; Williams & Schaefer 2013). Consequently in the SME context, the owner/managers' personal opinions drive the decision making of the business. Therefore, for the purpose of this study, in combination with the Stakeholder theory, the REB theory is adapted to the organisational level. Figure 1 below illustrates a broad framework utilising the REB and Stakeholder theories to explain UK SMEs' corporate sustainability behaviour. The framework is further developed based on theory elaboration and details of this are provided in the concluding sections.
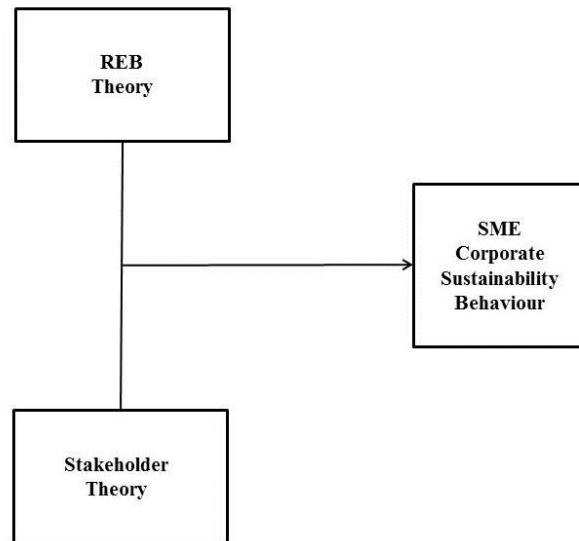
Figure 5.1: Broad REB and Stakeholder Theory framework

The next few sections briefly discuss each theory as well as the theory elaboration process followed.

5.3.1 Responsible environmental behaviour (REB) theory

The Responsible Environmental Behaviour theory was first developed by Hines, Hungerford & Tomera (1987). They conducted a meta-analysis of environmental behaviour research to determine which variables are most influential for motivating individuals to engage in pro-environmental behaviour. Based on their findings, they identified knowledge of issues, knowledge of action strategies, locus of control, attitudes, verbal commitment and an individual's sense of responsibility as variables associated with responsible environmental behaviour (Hines, Hungerford & Tomera 1987). Since its inception, the theory has been applied by a number of researchers to various individual contexts and attempts have been made to extend it (Bamberg & Möser 2007; Barr 2003; Chao 2012; Cottrell & Graefe 1997;

Hungerford & Volk 1990; Hwang, Kim & Jeng 2000) but so far, none have attempted to apply it to an organisational context.

The main premise of the Responsible Environmental Behaviour theory is that it seeks to identify determinants of individuals' pro-environmental behaviour. Unlike the Theory of Planned Behaviour (TPB) (Ajzen 1985) and the Norm Activation Model (NAM) (Schwartz 1977) which focus on self-interest and pro-social motives respectively, it views pro-environmental behaviour as a combination of self-interest and pro-social motives (Bamberg & Möser 2007). As such, the REB is more extensive and adopts a broader view to explaining the factors that are likely to determine individuals' pro-environmental behaviour. It identifies pro-environmental behaviour as being a function of the 'intention to act', this being moderated by a set of 'objective situational factors' which may either encourage or hinder action towards the pro-environmental behaviour (Bamberg & Möser 2007; Eilam & Trop 2012; Hines, Hungerford & Tomera 1987). The key constructs of the 'intention to act' are cognitive factors and psycho-social factors.

5.3.1.1 Cognitive Factors

Cognitive factors refer to factors pertaining to information and knowledge about the environment, environmental issues and their consequences and how to take action on particular environmental issues. They are further broken down into knowledge of issues, knowledge of action strategies and action skills (Bamberg & Möser 2007; Blok et al. 2015; Hines, Hungerford & Tomera 1987). As this study adapts the REB to the organisational level, in this context, knowledge of issues refers to the organisation's knowledge or awareness of environmental issues, knowledge of action strategies relates to its knowledge of actions that

can be taken to address the environmental issues while actions skills pertain to the organisation's ability to take action to address said environmental issues.

5.3.1.2 Psycho-social Factors

Psycho-social factors on the other hand involve characteristics and perceptions individuals or entities have of themselves and of others. These consist of attitudes, locus of control, economic orientation and personal responsibility (Bamberg & Möser 2007; Hines, Hungerford & Tomera 1987; Ojedokun 2011). On the organisational level, attitudes refer to the organisation's inclinations towards the environment or environmental issues either positive/negative or favourable/unfavourable. It includes its attitudes towards the environment as a whole or to specific aspects of it e.g. energy crisis or climate change as well as the organisation's attitude towards taking necessary environmental action.

Locus of control (LOC), termed 'organisational locus of control' in this study, indicates the organisation's perception of its ability to bring about change to environmental issues through its behaviour. As with individual LOC, organisational LOC can either be internal or external. Generally speaking, internal LOC refers to a belief in the ability to bring about change and make an impact through ones actions. Conversely, external LOC indicates a lack of belief in the ability to bring about change because it is believed that change occurs as a result of chance or (the influence of) 'powerful others' not their own behaviours. Personal responsibility refers to the organisation's sense of duty or obligation to the environment as a whole or to a specific aspect of the environment e.g. reducing carbon footprint or air pollution. Economic orientation indicates an organisation's concerns and cost consciousness of the economic impact of environmental behaviour or environmental regulations (Hines,

Hungerford & Tomera 1987). This construct is very relevant to SMEs and corporate sustainability as costs of implementation and complying with regulations where applicable is a major point of concern for them.

5.3.1.3 Classroom Strategies and Behavioural Intervention Strategies

Classroom strategies (or training) and behavioural intervention strategies were also explored in the original version of the REB theory and found to be successful for bringing about the desired pro-environmental behaviour. Classroom strategies included providing information on knowledge of environmental issues, discussion of alternative solutions to environmental problems, the development of issue investigation skills, environmental problem solving skills, values discussions and action-taking skills. It must be noted though that short term exposure to these classroom strategies e.g. one day, proved ineffective in achieving a change in attitude and developing responsible environmental behaviour (Bamberg & Möser 2007; Hines, Hungerford & Tomera 1987; Hungerford & Volk 1990). This construct is not included in the final model developed for this research as it may be difficult to engage SMEs collectively for the amount of time it would require to achieve the adequate level of exposure to classroom strategies to achieve a lasting change in attitude.

Behavioural intervention strategies on the other hand consisted of employing behaviour modification techniques intended to increase the incidence of particular target behaviour. Such behaviour modification techniques included incentives, appeals, information and feedback. While Behavioural Intervention Strategies construct may be suited to the SME context in the sense that it may be possible to encourage pro-environmental behaviour in SMEs through incentives and appeals, using these strategies would not result in proactive

environmental and therefore the effect is not likely to be lasting. Consequently, this construct is not included in the model (Bamberg & Möser 2007; Eilam & Trop 2012; Hines, Hungerford & Tomera 1987).

Overall, the REB theory proposes that an individual or in this case, an organisation that expresses an intention to act or take responsible environmental action would be more likely to take such action than an individual or organisation that has no such intention. To be able to intentionally act on an environmental problem, the entity must be aware or cognisant of the existence of the problem. Therefore, knowledge of the problem is a prerequisite to action (Blok et al. 2015; Hines, Hungerford & Tomera 1987). Sadly enough, a lot of SMEs are stuck at this point - the question being 'What is the environmental problem *as it relates to us*?' In addition, they need to have information on what courses of action are available to take in solving this problem and which ones would be most effective in a given situation. Therefore knowledge of appropriate actions that can be taken to alleviate the identified environmental problems described as knowledge of action strategies is important. A key component which is proposed to influence whether entities convert knowledge to action is skill in appropriately applying this knowledge to a given problem. It is important to note that skills do not naturally evolve from knowledge - this is an erroneous assumption which has been highlighted by a number of studies. These studies also indicate that a combination of knowledge and cognitive skills is more likely to result in action

(Bamberg & Möser 2007; Cottrell 2003; Hines, Hungerford & Tomera 1987; Mobley, Vagias & DeWard 2010). So skill in the application of action strategies to issues and appropriate knowledge leads to the ability to take action. But ability in itself is not enough to lead to action. Entities must also possess the desire to act. The desire to act is affected by a number of factors such as locus of control, personal responsibility and attitude (attitude towards the

environment and attitude towards taking action). Therefore, an entity that has an internal LOC, a sense of obligation towards the environment and a positive attitude towards the environment and taking environmental action will most likely develop a desire towards the environment. And if the requisite abilities to act are available, action will most likely follow. Where the abilities are non-existent, action is not likely to take place.

5.3.1.4 Situational Factors

Situational factors (SF) are describes as influences which can interrupt this proposed pathway to environmental action (Hines, Hungerford & Tomera 1987). They include factors such as industry pressure, social pressures and opportunities to choose different or alternative actions. The influence of SFs may counteract or strengthen the variables in the REB model. They could therefore decrease or increase the incidence of responsible environmental behaviours.

5.3.2   New Construct Introduced – Resource Constraints

In the SME context, finance constraints should be a main factor or variable as cost considerations are highly significant to any SME decision making. Based on findings from previous studies and empirical findings, time constraint is also a concern for SMEs where implementing corporate sustainability initiatives are concerned. Therefore, under the umbrella of Resource Constraints both finance and time constraints are included as major variables and factors that affect SMEs intention to act on pro-environmental behaviour.

5.3.3 Stakeholder theory (ST)

The stakeholder theory has been adopted as part of the theoretical underpinning for this research as it has been identified as being an appropriate theoretical lens through which to view not just environmental management, but also sustainability as a whole (Carter & Easton 2011; Gadenne, Kennedy & McKeiver 2009; Sarkis, Zhu & Lai 2011). It has also proved invaluable in discussing these issues within a SME context (Gadenne, Kennedy & McKeiver 2009; Sen & Cowley 2013). In adopting this lens for the study, it is argued that as organisations' key stakeholders are in a position to both affect and be affected by the organisations' activities, and are therefore in a position to influence its direction. As proposed by Frooman (1999), it is essential for organisations to manage those they identify as stakeholders by acting to satisfy their wants and expectations.

In particular, it has been noted that stakeholder pressure represents a significant influence on the environmental and social actions of SMEs (Brammer, Hoejmose & Marchant 2012; Rodrigue, Magnan & Boulianne 2013; Russo & Perrini 2010). The influence that key stakeholders are potentially able to wield over organisations as a result of their dependence is considerable and can be a strong driver for organisations' corporate sustainability behaviour. This theoretical perspective therefore proves useful for evaluating the factors affecting UK manufacturing SMEs' corporate sustainability behaviour.

In the context of this research, the stakeholder theory was combined with the REB as a way of elaborating the REB theory to make it more contextually suited to the findings of this study. To this end, the construct 'stakeholders' was introduced into the model. This further consists of two sub-constructs namely 'stakeholder influence' and 'stakeholder attitude'. It

is proposed that stakeholder input in the form of their ability to influence SMEs and their

attitude (positive, negative or indifferent) towards SME corporate sustainability behaviour

impacts on SMEs' intention to act for corporate sustainability.

5.4   Theory Elaboration

Voss, Tsikriktsis & Frohlich (2002) identify three purposes of research – theory testing,

theory generation and theory refinement or extension. In the same vein, Ketokivi & Choi

(2014) describe three modes of conducting research as theory testing, theory generation

and theory elaboration [aka theory refinement or theory extension]. Theory testing involves

testing the validity of an existent theory with empirical data with the aim of confirming or

refuting the theory. This mode is synonymous with the deductive approach. Theory

generation involves the development of new theory based on findings from empirical data

and is usually associated with the inductive approach. Theory elaboration on the other hand

entails the extending or refining of an existing theory to improve its explanatory power and

make it more contextually appropriate to the empirical context. This mode of conducting

research is more compatible with the abductive approach (Ketokivi & Choi 2014;

Timmermans & Tavory 2012). It is said to emphasise abduction as abduction involves

modifying the logic of the general theory in order to reconcile it with contextual

idiosyncrasies. As was noted above with theoretical approaches, there is no pure mode

employed in any one research project. Instead different modes are used to varying degrees

in the course of the research project (Ketokivi & Choi 2014). Figure 1 below illustrates the

three modes of conducting research as described by (Ketokivi & Choi 2014).
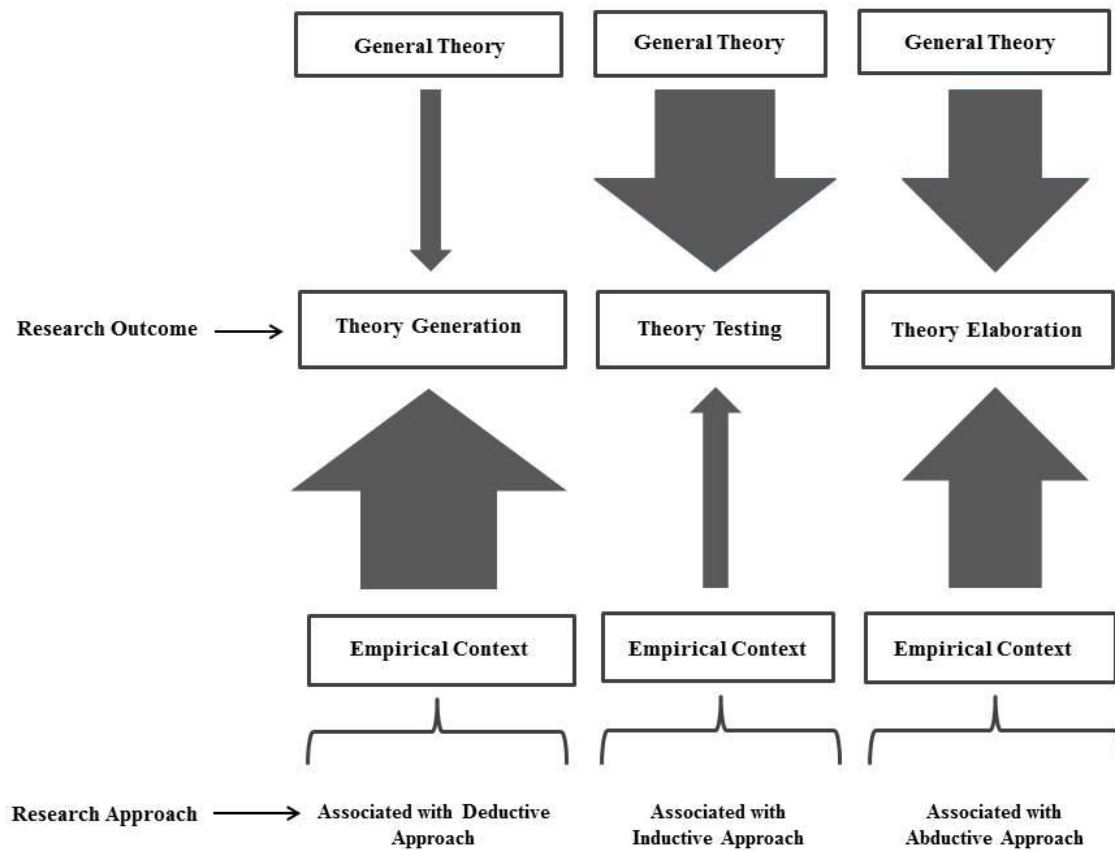
Figure 5.2: Modes of conducting research as adapted from Ketokivi and Choi, (2014)

This study focuses on theory elaboration. Due to the inability of the Responsible

Environmental Behaviour theory to adequately frame the findings of this research, it was

necessary to modify it and extend it by incorporating the stakeholder theory to create a

more context appropriate theoretical framework for this study. Theory elaboration aims to

better structure the existent theory in the light of empirically observed results by refining

them or extending their applicability to new areas or contexts by refining their details such

as improving the definitions of their variables or in some cases, including new, more

appropriate or applicable variables (Childe 2011; Voss, Tsikriktsis & Frohlich 2002). It aims

for the contextualised logic of a general theory by allowing the researcher to explore the

theoretical context with more latitude and serendipity. This involves a disciplined iteration

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between general theory and empirical data and results in categories and concepts that are ultimately grounded in data (Ketokivi & Choi 2014). Generally speaking, theory elaboration is the adapting of a general theory to a specific empirical context to make it more applicable to said context.

According to (Ketokivi & Choi 2014), theory elaboration can be achieved in a number of ways. Existing theories can be extended by the introduction of new concepts, conducting an in-depth investigation of the relationships among concepts, or the examination of boundary conditions. It can also involve the combination of several theories or the introduction of concepts from another theory. Theory elaboration views the general theory as malleable and unlike other modes of conducting research, it allows for the challenging of the general theory and the introduction of new concepts to the general theory promoting a simultaneous investigation of the general theory and the empirical context in a balanced manner. Unlike theory testing research, in theory elaboration, the researcher does not anticipate empirical findings by the a priori formulation of propositions; instead such a researcher remains open to unanticipated findings and the possibility that the general theory may require considerable reformulation.

5.5   Framework Based on Elaborated Responsible Environmental Behaviour theory

Figure three below illustrates the theoretical framework developed for exploring the factors affecting UK manufacturing SMEs' corporate sustainability behaviour based on the elaborated REB (Hines, Hungerford & Tomera 1987) theory. The theory was elaborated by including new constructs and sub-constructs as well as combining it with the Stakeholder

theory (Freeman 1984). The new constructs introduced are Capacity Building with Business Case Transparency as a new sub-construct. Additionally, the Stakeholder Construct consisting of Stakeholder Influence and Stakeholder Attitude sub-constructs and the Resource Constraints construct composed of Finance Constraints and Cost Constraints are new to the theory.

The following sections give a brief overview of each of the theory's main constructs, their sub-constructs where applicable, and how they each relate to the context of this research.
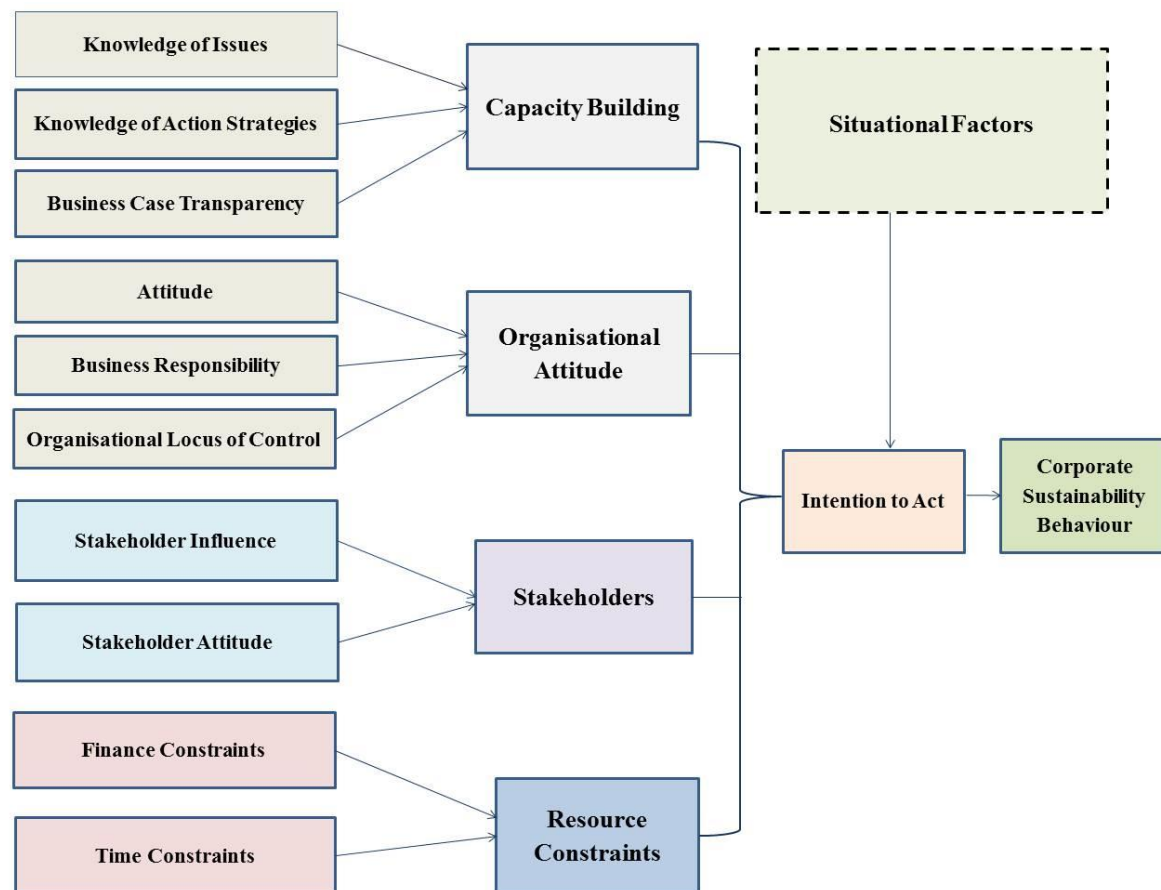
Figure 5.3: Theoretical framework based on elaborated Responsible Environmental Behaviour theory

5.5.1 Capacity Building

As mentioned previously in this chapter, the starting point for having an intention to act towards pro-environmental behaviour is an acquisition of information. This necessitates a need for information on the issues, how to address these issues, and how to obtain the skills required for addressing said issues. In the context of this research, this information requirement is a key factor for SMEs' corporate sustainability behaviour and is classed as Capacity Building. Capacity building relates to the SME's exposure to knowledge of corporate sustainability issues, knowledge of actions that can be taken to address corporate sustainability issues and their ability to take action to address said corporate sustainability issues.

In this framework the Capacity Building construct consists of Knowledge of Issues, Knowledge of Action Strategies and Business Case Transparency. It is surprising to note that the findings of the study indicate that the Knowledge of Action Skills construct which was part of the original REB model is not a significant factor for corporate sustainability behaviour in the SME context. It was therefore not included in the final framework. Instead, Business Case Transparency appeared as a significant factor as SMEs across the board required specific information on what the corporate sustainability business case is for them as SMEs. It is proposed that having access to such information as detailed above would build capacity in SMEs for encouraging positive corporate sustainability behaviour.

5.5.2 Organisational Attitude

The Organisational Attitude construct comprises Attitude, Business Responsibility and Organisational Locus of Control. In the context of this study, Attitude indicates SME's favourable or unfavourable disposition towards sustainability issues and taking action for sustainability while Business Responsibility refers to their sense of duty or obligation towards sustainability issues. Organisational Locus of Control describes the SME's perceptions of their ability to engender change to corporate sustainability issues through their behaviour.

The entire Organisational Attitude construct in this study reflects the opinions and positions of the SME owner-managers interviewed as in the SME context organisational decision making and direction is typically driven by the owner-manager's personal convictions (Mazzarol & Reboud 2006; Reyes-Rodríguez, Ulhøi & Madsen 2014; Sen & Cowley 2013; Williams & Schaefer 2013). Based on the findings of the study, it is indicated that the organisation's (owner-manager's) attitude towards corporate sustainability matters and taking action for them affects their intention to act and subsequently influences their corporate sustainability behaviour. Where there is an overall positive organisational attitude, there is a great likelihood for positive corporate sustainability behaviour and where the organisational attitude is negative, corporate sustainability behaviour is likely to be negative or non-existent.

5.5.3 Stakeholder Influence

Extant literature has identified stakeholder influence as a catalyst for pro-environmental behaviour in businesses, particularly the SME context. Furthermore, findings from the research indicated that stakeholders possess the ability to effect meaningful and lasting change for corporate sustainability in SMEs. Therefore Stakeholders are considered as a major factor for SMEs corporate sustainability behaviour and is included as one of the constructs in the framework. The Stakeholder construct consists of Stakeholder Influence and Stakeholder Attitude.

Stakeholder Influence indicates the ability of stakeholders to influence SMEs' corporate sustainability behaviour while Stakeholder Attitude refers to the influence of stakeholders' attitude (positive or indifferent) to SMEs' involvement in corporate sustainability on their corporate sustainability behaviour. It is presumed that stakeholder influence and attitude towards corporate sustainability matters would have a significant impact on SMEs corporate sustainability behaviour.

5.5.4 Resource Constraints

Resource constraints comprise of the costs SMEs incur to engage in corporate sustainability initiatives as well as the time commitment this would require. Therefore the Resource Constraints construct comprises Finance Constraints and Time Constraints. Finance Constraints indicate SME's concerns about the costs of engaging in sustainability initiatives and the economic impacts of environmental behaviour or environmental regulations to

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their business. Time Constraints on the other hand refer to the time commitment required for SMEs' engagement in corporate sustainability activities. These two constraints appeared to be significant factors affecting SMEs' willingness to exhibit corporate sustainability behaviour.

5.5.5   Situational Factors

Situational factors have been describes as other factors inherent in the SME situation which may hinder or engender their corporate sustainability behaviour. For this study, some of the situational factors identified include business rates, business premises, management's personal values, management's background, and enabling factors. These are discussed in more detail in the Data Analysis chapter. It is proposed that where situational factors encourage or do not hinder SMEs corporate sustainability behaviour, this will lead to their taking action for corporate sustainability. Conversely, where situational factors actively hinder SMEs' corporate sustainability behaviour, this would likely lead to negative environmental action or no action at all.

5.5.6   Intention to Act

All the key concepts described above, Capacity Building, Organisational Attitude, Stakeholders, Resource Constraints and Situational Factors feed into SMEs' Intention to Act for corporate sustainability which ultimately determines their Corporate Sustainability Behaviour.

Based on the findings from the study, these key concepts have been identified and used to develop a proposed framework for exploring the factors affecting UK manufacturing SMEs' corporate sustainability behaviour. In line with the abductive approach adopted for the study, further research is required to test the proposed framework in order to determine its validity or otherwise.

This chapter has given an overview of the theoretical underpinning for this study as well as the theoretical framework developed for it based on an elaborated Responsible Environmental Behaviour Theory (Hines, Hungerford & Tomera 1987). As the constructs of this framework constituted a significant proportion of the themes identified in the main study data analysis, details of each construct, sub-construct and the data extracts associated with them have already been discussed in the Data Analysis chapter, Chapter Four.

6.0 Chapter 6 – Findings and Discussion

6.1 Overview

This chapter gives details of the findings of this research. The aim of the study was to explore from UK manufacturing SMEs' perspectives the factors affecting their corporate sustainability behaviour. To achieve this aim, the main objectives set for the study were to understand UK manufacturing SMEs' current corporate sustainability behaviour and the factors affecting this, to determine the factors that would affect their improved corporate sustainability behaviour and finally to propose recommendations for encouraging their improved corporate sustainability behaviour. The Data Analysis chapter, Chapter 4 illustrates how the outputs of this study met its aim and first two objectives and it also serves as a background for discussing the study's findings in this chapter. The final objective of the study, which is to provide recommendations for encouraging improved corporate sustainability behaviour in SMEs, is met in the Recommendations section of this chapter, section 6.4.

Overall, this Discussion chapter serves to fully meet the objectives of the study as well as showcase the key findings of this research project in line with theoretical framework developed from it. As such, the subsequent sections discuss the study's findings in accordance with the theoretical framework expatiated upon in the preceding chapter, Chapter 5. The other findings which do not fit within the theoretical framework are discussed after this.

6.2 Main Findings of the Study Corresponding to the Theoretical Framework

6.2.1 Findings Associated with the Capacity Building Construct

The first main construct of the theoretical framework is the Capacity Building construct. It is made up of the sub-constructs Knowledge of Issues, Knowledge of Action Strategies and Business Case Transparency as depicted in the figure below. This section discusses the findings of the study that are associated with the Capacity Building construct.
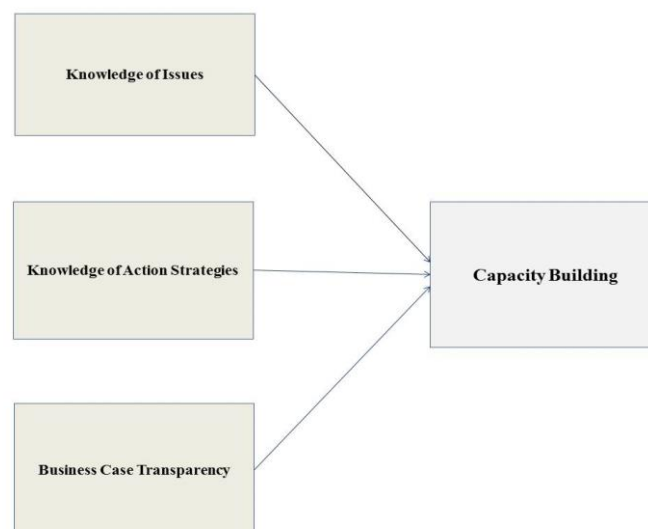
Figure 6.1: The Capacity Building construct

6.2.1.1 SMEs' Capacity building is required to engender their corporate sustainability behaviour

When discussing the factors that would affect their corporate sustainability behaviour, majority of respondents identified a need for SME capacity building as a key factor. This was therefore developed as a broad theme in the data analysis and formed part of the theoretical framework derived from the study. Capacity building in the context of this

research is described as efforts made to develop SMEs' ability to better engage in corporate sustainability through the provision of requisite information, training and support. Based on the responses given, the Capacity Building factor was sub-categorised into the Business Case Transparency, Knowledge of Issues and Knowledge of Action Strategies sub themes.

A total of 22 respondents of the 31 respondents sampled indicated a need for SME capacity building on the whole. Of these, 12 respondents felt the business case needed to be more transparent, 16 respondents indicated a need for knowledge of action strategies, while 20 requested for knowledge of SME related corporate sustainability issues.

Knowledge of Issues: According to the responses given, the most important step that needs to be taken to build SMEs' capacity for corporate sustainability is the provision of adequate information on corporate sustainability as it relates to them. As mentioned above, the majority of respondents, 20 in all, indicated a need for more information on corporate sustainability as they believe that it's a very broad concept and they don't know enough about it. In the words of this respondent, *'There would need to be a lot of information and awareness on what sustainability is all about - a lot of people, business owners are still in the dark about what sustainability is in real terms. Yes, we all know the big issues, the ozone layer, cut poverty, preserve natural resources and all that and those are like huge, stuff that countries and the UN and continents are debating over, but that doesn't mean anything to the small business owner. So there needs to be information on the realities of sustainability to the small business owner, how does it relate to them, where do they fit in, how does it benefit them, what are the consequences of not being sustainable, basically, what's in it for them. And then hopefully, we can start to see some changes and some positive action in that direction' **(P19)**;* and was echoed by these respondents, *'… break it down. There are so many things slapped with the label of 'sustainability' and 'green' and half the time people haven't*

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the faintest clue what they're talking about. So it's starting with the basics and educating people, businesses on what sustainability is all about, how to do it, how it can be beneficial, especially for the small business. Basically, a walk-through of the whole sustainability concept and realistic examples of the consequences of not getting involved, then it will be taken seriously' (P2); 'For us as small businesses. We need that sort of information, tailored to our scope to make it real to us. Otherwise, it's just out there' (P28). This corroborates one of the barriers to SMEs' corporate sustainability reported in previous studies i.e. lack of information (Ferenhof et al. 2014; Howarth & Fredericks 2012; McKeiver & Gadenne 2005) and was identified in this study as one of respondents' issues with corporate sustainability (see section 4.5.5 in Chapter 4).

Knowledge of Action Strategies: In addition to requiring information on sustainability as it relates to SMEs, 16 respondents also highlighted a need for guidance on actions to take for sustainability. Their thinking is that knowing about sustainability alone is not sufficient, it is also necessary for them to know the steps the can take to operationalize sustainability in their businesses. One of the focus group members put it this way, *'We need more guidance on how to navigate sustainability, what we can do, how we can contribute' (F. Group);* and individual respondents added *'For me, I think the government needs to do more in terms of giving guidance on what to do and how to do it, particularly for us small businesses. We're not like the big guys, we can't call in consultants to come in and explain and implement and all that, it would cost us too much' (P21);* and *'It doesn't have to be anything fancy you know, just a clear checklist of one, two, three, four, five things we can do …' (P19).* Again, this ties in with a general requirement for SME-specific corporate sustainability information as highlighted above.

Business Case Transparency: Another important aspect of SME capacity that was mentioned by 12 of the respondents is a need to clarify the corporate sustainability business case as it relates to the SME context. A number of SMEs are largely in the dark as to *how* to benefit from corporate sustainability and what the justification for engagement is. This tends to act as a deterrent to their corporate sustainability behaviour as reflected in extant literature (Christopher & Walter 2010; Esfahbodi et al. 2016; Schrettle et al. 2014) and the comments from respondents in this research. A number of respondents put it this way, *'First and foremost, the business case has to be clear. Every business is in business to run an actual business i.e. make profits or at least reduce costs, so sustainability has to be clearly linked to that'* **(P26)**; *But I don't think enough has been done to put sustainability on the radar of small and medium businesses. The government or whoever needs to sell it to us. Why should we get involved, why should we do it, what would change if we don't what are the negative impacts if any of not running our businesses this way?'* **(P10)**; *'So I think what government needs to do there is to be clear about what works and have it be tested and proven and have it as a list of measures that has worked for X business, for Y business, and explaining this is how it's worked. People can then be encouraged to implement it. But if the business case is not clear and transparent, and I can't see how it would benefit me financially, then I won't get involved'* **(P30)**.

The underlying theme in respondents' discussions on capacity building as detailed above is SMEs' need for information. Information about corporate sustainability as it relates to them, information on actions they can take for corporate sustainability and information on the benefits to be derived from corporate sustainability behaviour i.e. the corporate sustainability business case.

6.2.1.2 SMEs have a good understanding of general sustainability and its potential value to their organisations but are still unconvinced of its business case for them

One of the reasons identified for SMEs' attitude to corporate sustainability to date as highlighted in literature is that they lack a good understanding of sustainability (Battisti & Perry 2011; Johnson & Schaltegger 2015; Masurel 2007; Mazzarol & Reboud 2005; Sen & Cowley 2013; Williamson, Lynch-Wood & Ramsay 2006), however findings from this study indicate otherwise. All the respondents interviewed in the entirety of the study demonstrated a good understanding of sustainability in its broad sense. This was evidenced in their descriptions and definitions of sustainability which were coded to the 'Understanding of Sustainability' theme. All of the definitions they provided focused on the environmental aspect of sustainability with the main themes of their definitions ranging from carbon footprint reduction and a need to preserve the environment for future generations to going green and efficient disposal of wastes, while a few focused on the social aspects. For example, one of the participants of the focus group described sustainability as *'Balancing environmental responsibility and social consciousness in the way the business is run' (F. Group)* and two of the individually interviewed respondents interpreted it as *'The actions that we take to preserve our environment, to make sure that there's something left for those coming behind' (P10)* and *'There's the ethical aspect as well. Being ethical in terms of labour, hiring, the materials we use and how we source those materials as well as the environment, those are all very important issues' (P7)*.

Furthermore, a few of the respondents engaged in some activities that they didn't recognise as being sustainability activities. Out of the seven respondents in this category, five of them indicated that they didn't consider social sustainability activities such as giving back to the community and staff welfare as sustainability, while the last two considered recycling and

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efficient energy use respectively as not being sustainability. These comments demonstrate their unawareness from the social sustainability perspective *'I didn't realise that doing anything for the community was part of sustainability, I thought sustainability was only about preserving the environment'* **(P18)** and the environmental sustainability perspective *'How does treating your staff right and making sure they're happy to come to work every day a part of sustainability? Isn't that something that you just do because it's the right thing to and because you need your staff happy and ready to work?'* **(P4)** respectively.

These responses exhibit a good understanding of sustainability across a wide range of environmental and social sustainability aspects and confirms recent research indicating that though SMEs are still largely reluctant to commit to corporate sustainability behaviour, their attitude is beginning to change for the better (Reyes-Rodríguez, Ulhøi & Madsen 2014; Uhlaner et al. 2012; Williams & Schaefer 2013). Although a few respondents were unaware that some of their activities could be described as sustainability, majority of these represented an unawareness of their social sustainability activities (five out of seven respondents). This is understandable as people are generally more aware of the environmental aspects of sustainability and even in extant literature, the focus tends to be on the environmental sustainability principles and activities (Hillary 2000; Hsu & Cheng 2012; Vickers & Lyon 2014).

As part of attempts to further probe their understanding and acceptance of corporate sustainability, discussions explored what value, if any, respondents saw in their businesses engaging in corporate sustainability. Responses revealed that even though respondents had not committed to exhibiting corporate sustainability principles in their organisations, approximately half of them (fifteen respondents) appreciated that corporate sustainability held some potential value for their businesses. For instance, two of the focus group

respondents put it this way, *'It's obviously a very valuable approach, it may cost us in the beginning, but in the long run, there are benefits to be gained'; 'The way things are going, businesses that want to survive long term have to be sustainable (F. Group)*, while another respondent agreed that *'Eventually it would improve your brand; because a lot of brands have gained a lot of popularity from saving the earth and things like that' (P14)*. Though, this does not represent an overwhelming appreciation of corporate sustainability value, taking into consideration the discussions in the previous paragraphs, it is reasonable to infer that there is some evidence of bridging the gap between SMEs' perceived value of sustainability and the actions they take as identified in previous studies (Revell, Stokes & Chen 2010; Tomšič, Bojnec & Simčič 2015; Wilson, Williams & Kemp 2012).

Further discussions with respondents revealed that in spite of their general understanding of corporate sustainability and its potential value, a clear understanding of the corporate sustainability business case for SMEs is still lacking. Consequently, they reiterated their disinclination towards committing to corporate sustainability. As some respondents put it, *'At the moment, I would have to say no. Unless there was a strong business case for it, I mean really, why would we?' (P1); 'First and foremost, the business case has to be clear. Every business is in business to run an actual business i.e. make profits or at least reduce costs, so sustainability has to be clearly linked to that (P25)'*. This thinking was further echoed by the focus group, *'Is it actually achievable for SMEs? The business case for sustainability as it applies to SMEs needs to be clear because as it stands now, it doesn't appear realistic for SMEs' (F. Group)*. Part of this could be attributed to SMEs' perception that corporate sustainability is more the domain of the larger organisations (Cambra-Fierro, Hart & Polo-Redondo 2008b; Howarth & Fredericks 2012), the assumption that their business activities have no or minimal negative impacts on the environment (Cassells &

Lewis 2011; Hillary 2000; Revell, Stokes & Chen 2010), or the notion that sustainability being a very broad remit, they are too small to make any significant impacts towards achieving it (Fassin, Van Rossem & Buelens 2011; Jansson et al. 2015; Russo & Tencati 2009). Put in their own words, *'There's only so far that we can go on the issue of sustainability because it's not really meant for small businesses like ours … it's the big businesses, they are the ones need to really show that they are doing sustainability, not us'* **(P16)**; and *'Maybe bigger businesses you know, in terms of reporting their emissions or carbon footprint and all that stuff because they know that they are the ones that probably have the capacity and are able to reduce a lot from their operations; because they are the ones contributing the most'* **(P9)** and further corroborated by the focus group, *'sustainability is too broad, looking at the size and structure of small businesses like ours, how relevant can we really be'* **(F. Group)**. All in all, it is clear that more needs to be done to 'sell' corporate sustainability to SMEs by clarifying the business case, and highlighting their significance to the corporate sustainability agenda.

6.2.2 Findings Associated with the Organisational Attitude Construct

This section covers the findings from the study that relate to the Organisational Attitude Construct in the theoretical framework. The construct is made up of Attitude, Business Responsibility and Organisational Locus of Control. It is illustrated in the figure below.

Figure 6.2: The Organisational Attitude construct

6.2.2.1 SME organisational attitude towards corporate sustainability needs to change for improved corporate sustainability behaviour.

Another key factor identified as affecting SMEs' corporate sustainability behaviour that is reflected in the theoretical framework for this study is SMEs' organisational attitude towards corporate sustainability. SMEs' perception of corporate sustainability, which is in reality SME owner/managers' perception of corporate sustainability determines to a large extent the SMEs' corporate sustainability behaviour. This linkage to the owner/managers is borne from the well documented notion that small and medium sized enterprises are run largely in line with the personal convictions and opinions of their owner/managers (Hatak, Floh & Zauner 2015; Hillary 2000; Mazzarol & Reboud 2005; Revell, Stokes & Chen 2010; Williams & Schaefer 2013). Therefore, whatever the owner/managers' inclinations towards corporate sustainability, whether positive, negative or indifferent, will be reflected in the stance taken by the business. The Organisational Attitude factor is sub-divided into three main categories – Attitude (further subdivided into Indifferent Attitude and Positive Attitude), Business Responsibility and Organisational Locus of Control.

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As illustrated in the table above, all respondents indicated SME Organisational Attitude as a factor for their corporate sustainability behaviour. Furthermore, 11 respondents expressed an indifferent attitude towards corporate sustainability, while 18 of them expressed a positive attitude towards corporate sustainability. Also, 28 respondents indicated a positive sense of responsibility towards the environmental and social impacts of their business operations and 17 respondents had an external organisational locus of control, believing that their organisation in itself was unable to make any meaningful change in corporate sustainability and the impetus has to come from without the organisation e.g. government, customers, consumers etc.

Attitude: Attitude in this context refers to how the organisation perceives the notion of corporate sustainability. Majority of respondents indicated either a positive attitude towards corporate sustainability behaviour or indifference to it. ***Positive Attitude***, *'I think it's a very important concept and we all contribute one way or another to what our world has become now, so it's only proper that we do our part to improve it, so yeah, sustainability is a way forward'* **(F. Group)**; *'Because of the industry we're in, we have to make sure all those ethical boxes are ticked. It's highly competitive and sustainability is something some of our competitors are using as a selling point, as a kind of competitive advantage. So it's something we take very seriously'* **(P7)**. ***Indifferent Attitude***, *'It might be an idea for us to eventually have a, like an ethics policy on sort of managing our environmental impact, making sure that we are contributing to the Green Movement as it were. But it's not something we're considering for now'* **(P12)**; *'I mean, we're doing our bit, so it's not like we're not doing anything at all. I know most of it has centred round costs but that's really just a happy by-product of the activities we're engaging in. Personally, it's also our way of*

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doing our bit for the environment. So, we're comfortable with the ways things are now.

There's really no reason to go out of our comfort zone as it were, at the moment. Maybe as

we grow bigger and our impact becomes more, maybe' (P8). These findings contradict the

general conception in extant literature that SMEs are not positively inclined towards

corporate sustainability and would rather not be involved with it (Cassells & Lewis 2011;

Revell & Blackburn 2007; Robertson & Barling 2013; Williamson, Lynch-Wood & Ramsay

2006).

Business Responsibility: This section describes the interviewed SMEs' sense of responsibility

towards corporate sustainability issues such as the environment and the society. As most of

the respondents indicated a positive sense of responsibility towards corporate

sustainability, these were the only responses that were noted. Businesses that expressed a

sense of responsibility towards the natural environment and the environmental impacts of

their operations, and, or their local communities, were considered to have a positive

business responsibility. The following comments illustrate this: *'Another thing we're doing is*

that we want to increase the use of conference calls as much as possible, rather than

travelling for meetings. Because not only that we will be saving cost, but at the same time

we're saving the environment, which also we consider to be important' (P13); 'It's important

to us to balance environmental responsibility and social consciousness in the way the

business is run so we use sustainable materials in our manufacturing and ensure our

manufacturing processes are efficient so they don't negatively impact the environment' (F.

Group); 'Yes, being environmentally responsible is definitely a big part of it. So for us as a

business, it means being mindful of the environment in the processes that we use in our

manufacturing, the kinds of raw materials we use and how we dispose of our wastes. So

yeah, it is important' (P16). This comments buttress the point made in the preceding section; SMEs are beginning to display a positive attitude towards corporate sustainability and are becoming more concerned about the environmental and social impacts of their business activities.

Organisational Locus of Control: The organisational locus of control (LOC) as it is used in the context of this research is akin to the more popular individual LOC. It describes SMEs' perceptions of their ability to influence or make any meaningful change to corporate sustainability by their actions. Most of the SME owner managers interviewed did not see their businesses as having the ability to impact corporate sustainability issues significantly. Instead, they felt the power to engender change lay with the government, larger organisations or other stakeholders. This is in line with findings from other studies which indicate that SMEs do not believe that they make any impact on corporate sustainability and the focus should be on larger organisations (Battisti & Perry 2011; Hofmann, Theyel & Wood 2012; Moore & Manring 2009). These comments indicate respondents' impressions of their organisational locus of control as it relates to corporate sustainability, *'There's only so much we can do as a small business, the real push needs to come from the government or maybe customers' (F. Group)*; *'But in terms of manufacturing and all that other stuff and not using child labour, all that is not really relevant to the arena of small and medium enterprise if you like. But we can do more, I agree, we can do more. But it's more of the bigger businesses for now. It's reputational risk for them, isn't it?' (P11)*; *'I mean, we buy ink for our printers, we have Apple computers as you can see here. Now Apple has been having some bad press of late because of the way they make their Apple components in these boiler room operations.*

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But does that mean we won't buy an Apple? I don't think we can make that choice. I don't think we are conscious enough or big enough to fly that flag' (P8).

In the light of the above, to achieve corporate sustainability in SMEs' it is essential for them to have a positive attitude towards corporate sustainability issues. They also need to appreciate their ability to significantly impact corporate sustainability and have a positive sense of responsibility towards environmental and social sustainability issues. Overall, most of the respondents interviewed displayed a positive attitude towards corporate sustainability, however not all their actions have reflected this. Once again, targeted information is required bring about the requisite change in attitude for corporate sustainability behaviour in SMEs.

6.2.2.2 SMEs do engage in basic corporate sustainability activities that span both the environmental and social dimensions of corporate sustainability

Majority of extant research have described SMEs as unwilling to engage in corporate sustainability endeavours, depicting them as laggards and difficult to engage where corporate sustainability is concerned (Brammer, Hoejmose & Marchant 2012; Tomšič, Bojnec & Simčič 2015; Williamson, Lynch-Wood & Ramsay 2006). The findings of this study however showcase that SMEs do engage in what can be considered as basic forms of sustainability but are however unwilling to intensify their sustainability efforts by committing to corporate sustainability principles. It is important to distinguish between basic sustainability practices and corporate sustainability practices as corporate sustainability requires that businesses commit to operating in line with sustainability principles as against randomly engaging in adhoc sustainability activities. These could

include recycling, reduced printing and paper use, efficient energy use, digitisation and carbon footprint reduction, to mention a few. A main point of differentiation between both forms of sustainability as identified in this research is the fact that corporate sustainability requires businesses to commit consistently and repeatedly to acting in line with sustainability principles while basic sustainability does not require such a commitment and can be randomly engaged in. All the SME owner managers interviewed for this study expressed their attitude towards corporate sustainability by engaging in what is described as basic sustainability practices in their businesses. These were identified as current sustainability practices in the data analysis and consisted of a good, balanced, mix of environmental and social sustainability activities.

Environmental Sustainability Activities: Overall, majority of the respondents, i.e. 28 respondents engaged in one or more forms of environmental sustainability in their businesses. The main environmental activities they engaged in were recycling, reducing their paper use and printing, digitisation, energy use and making efforts to reduce their carbon footprint. As described by them, their recycling activities involved proper separation of wastes and disposing of them correctly, *'Recycling is another thing that we're big on - because we deal with a lot of packaging. So we make sure we sort our waste and put them in the appropriate bins' (P15);* they also made efforts to reduce their use of paper through reduced printing and using soft forms of documents, *'We've cut back on a lot of printing because a lot of times its unnecessary and can be quite expensive. But also, that way we're contributing to the environment as well by saving a few trees out there' (P2);* and engaged in digitisation activities such as increased email use, using phones and social media for communication, thereby cutting down on their travelling and carbon footprint *'We use*

emails and smart phones to do most of our work and communicating - that cuts down on commuting and is actually a more efficient way to work' (F. Group). Some other environmental activities they engaged in were reducing the packaging of their products or using more environmentally friendly packaging, *'We've changed our packaging to more environmentally friendly ones' (F. Group);* and more efficient use of water in their business operations *'We try to minimise our water consumption, we now have a policy where the last person has to go round and check all those taps to make sure we minimise usage in that way' (P19)*.

Social Sustainability Activities: For social sustainability activities, a total of 25 respondents executed social sustainability practices in their businesses. These included promoting or sponsoring local community activities, *'We get very involved with our community, because we believe it's important to give back to the community' (F. Group)*; making efforts to source eco-friendly raw materials and source sustainably *'We try to use local, fresh produce as much as possible and we find that this works better for us' (P20)*; ensuring the welfare of their staff and the staff of the suppliers they work with, '*We take our staff welfare very seriously and make sure that we provide the best possible working conditions for them. And it has paid off because I staff turnover is very, very, low' (P10)*; and investigating their suppliers to ensure that they are operating ethically *'We check that the suppliers we use also engage in ethical practices, we wouldn't work with them otherwise, it's just too much of a risk. Before we choose to work with them, we need to be sure of their processes, their staff working environment and their general business ethic' (P21)*.

Overall, the respondents in this study exhibited engaging in a good range of both environmental and social corporate sustainability activities. For environmental sustainability

activities, the most prominent activities were efficient use of energy (25 respondents), recycling (24 respondents), paper use and printing (21 respondents), carbon footprint reduction (19 respondents) and digitisation (17 respondents). With social sustainability activities, the most popular ones were activities that involved giving back to their local communities (18 respondents), sourcing sustainably (17 respondents), and checking the ethical behaviour of their suppliers (17 respondents). While these results still represents a stronger leaning towards environmental practices, the interest in social sustainability practices is still significant.

Motivations for Engaging in Current Sustainability Practices: In addition to exploring SMEs' current sustainability activities, it was also important to understand the motivations for them acting in this manner. Therefore questions were asked about the main drivers for the current sustainability practices that they engaged in. The main motivations identified were financial savings accruing to the business as a result of engaging in these activities, managements' (owner/managers) personal convictions about sustainability, moral satisfaction from doing something good for the environment or community, perceived competitive advantage, and in a few cases, sustainability regulations.

Almost all respondents made contributions to this theme i.e. 30 respondents. The strongest drivers identified were Management with 23 responses and Financial Savings with 20 responses. Competitive Advantage and Moral Satisfaction are considerably lower with 14 responses each, while Sustainability Regulations were confirmed as the weakest driver with 6 responses. This links with extant research that highlights SME owner/managers and financial gains as SMEs' main motivations for corporate sustainability (Bansal & Roth 2000; Larrán Jorge et al. 2015; Reyes-Rodríguez, Ulhøi & Madsen 2014). Also the low response

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rate for government sustainability regulations confirms government's non-regulatory approach to SMEs' corporate sustainability (Environment Agency, 2009; DEFRA, 2011) thereby confirming to them the notion of sustainability not being relevant to them, and highlights a need for more SME-specific corporate sustainability regulations.

A few comments are used to illustrate these drivers: ***Financial Savings***: *'At the end of the day, we do save a bit of money here and there, so that makes it all worth it'* **(P17)**; ***Managements' personal convictions***: *'It's our vision that drives the company. If we didn't see sense in it, sustainability would have no place here. It's because of our values and the benefits we see in sustainability that we do what we currently do'* **(P20)**; ***Moral Satisfaction***: *'It's good to know that while one may not be able to fix these environmental issues, one is not making things worse. So at least, we're making our own contribution to ensure that things don't get worse, and that is satisfying, deeply satisfying'* **(P10)**; ***Competitive Advantage***: *'I think it improves our brand, it makes us more marketable'* **(F. Group)**; ***Sustainability regulations***: though majority of respondents indicated that to their knowledge there were no sustainability regulations that affected their businesses a few respondents mentioned sustainability regulations as a catalyst for their current sustainability practices; *'There's nothing I can think of off the top of my head that's crucial for us to be doing or to have as an organisation. When it comes to especially the whole sustainability thing, there's nothing that we could get into trouble for'* **(P14)**.

6.2.2.3 A Limited Number of SMEs Commit to Corporate Sustainability Policies

To further explore respondents' attitudes and level of commitment to corporate sustainability, inquiries were made about the existence of a corporate sustainability policy

or otherwise in their organisations. The aim was to ascertain if respondents had any policies in place regarding specific aspects of corporate sustainability, e.g. staff welfare, recycling, corporate social responsibility, printing, etc. or corporate sustainability in its entirety as this would indicate their current level of commitment to corporate sustainability. Only 13 of the 31 respondents interviewed contributed to this theme. Majority of them, 13 respondents indicated the absence of a sustainability policy in any form (7 respondents) while a relatively few mentioned that they had one (6 respondents).

The existent sustainability policies centred on supplier and purchasing, *'We have what we call a Sustainability CSR policy. So we have that statement in place and that statement helps to guide our purchasing policy and practices. So, who do we shop with, how do we shop, what sort of equipment do we use, and all that' (P27)*; energy and water efficiency, *'So we now have a policy where the last person has to go round and check all the taps and lights are off before we leave to make sure we minimise usage in that way.' (P4)*; staff welfare, *'We take our staff welfare very seriously. That's why we have a staff welfare policy in place that guides how we treat staff within our business. That way, they can feel secure within the organisation' (P13)*; and corporate social responsibility, *'It's important to us as a business to be able to give back to the community, and we have a CSR policy in place for that' (F. Group)*.

Overall, this set of findings, indicate a more positive attitude towards corporate sustainability by SMEs as well as a better sense of responsibility towards the environmental and social impacts of their operations.

6.2.3 Findings Associated with the Stakeholder Construct

The Stakeholder construct in the theoretical framework represents stakeholders' attitudes towards SMEs' corporate sustainability behaviour and their ability to influence SMEs corporate sustainability behaviour. These are describes in the framework as Stakeholder Attitude and Stakeholder Influence as illustrated in figure 6.3 below.
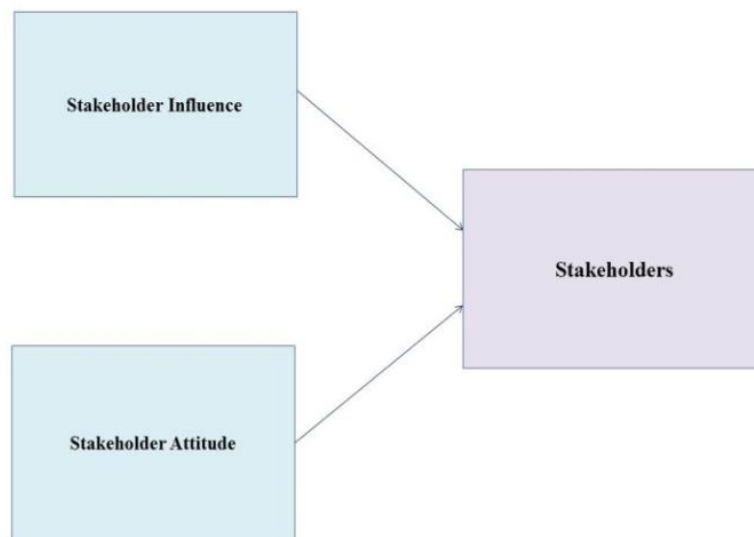
Figure 6.3: The Stakeholder construct

6.2.3.1 Stakeholders are significant catalysts for corporate sustainability behaviour in SMEs

Respondents identified a range of stakeholders as key catalysts for engendering corporate sustainability behaviour in SMEs. This substantiates findings from extant research which have recognised stakeholders as a strong influence for corporate sustainability behaviour, particularly in the SME context (Fuller & Tian 2006; Ramanathan, Bentley & Pang 2014; Sen & Cowley 2013). In the context of this study and as depicted in the study's theoretical framework, the Stakeholder factor was split into two main categories – Stakeholder Attitude

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and Stakeholder Influence. Stakeholder Attitude refers to how respondents perceive their stakeholders' attitude to their business' corporate sustainability behaviour i.e. whether they respond positively to this or seem indifferent to it. Stakeholder Influence on the other hand describes respondents' impression of their stakeholders' ability to positively influence their corporate sustainability behaviour. It highlights the stakeholders that respondents identify as having no influence on their corporate sustainability behaviour and the ones they consider to have a positive influence.

13 respondents contributed to Stakeholder Attitude, while 30 respondents contributed to Stakeholder Influence. 10 respondents saw Stakeholder Attitude as indifferent, while 6 respondents believed it was positive. For stakeholder influence, 18 respondents indicated some stakeholders as having no influence on their corporate sustainability behaviour, while 30 respondents indicated certain groups of stakeholders as having a positive influence on their corporate sustainability behaviour.

Indifferent Stakeholder Attitude: Most of the responses about stakeholder attitude indicated stakeholders' indifference to SMEs' corporate sustainability behaviour i.e. 10 of the 13 respondents that contributed to this theme. The general consensus is that stakeholders don't really care about SMEs' sustainability activities and are not concerned with the actions they take for or against corporate sustainability as long as the businesses are able to deliver on whatever the stakeholders' requirements are. As these respondents put it, *'Of course if my client puts pressure on me to make sure I do something more smartly and make my products more environmentally friendly, then of course that would be nice, but that's not likely to happen anytime soon because it's not important to them'* **(P13)**; and, *'Customers would probably be in the best position to influence sustainability for us, but do*

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they really care? It's not important to them' **(F. Group)***;* likewise, *'Even though consumers appreciate and even applaud socially and environmentally responsible businesses, they are not making any demands from us'* **(P15)**.

This attitude from stakeholders somewhat inhibits SMEs' corporate sustainability behaviour as it seems to validate SMEs' existent notion that they have to reason to engage in corporate sustainability. It is particularly interesting to note that as reflected in the last quote, (P15), stakeholders are identified as being able to appreciate businesses' efforts towards corporate sustainability but because it makes no difference to them, this behaviour does not impact their demands from the business. To counter this, more needs to be done to sensitise stakeholders to the importance of corporate sustainability and it is expected that this would result in them impacting SMEs more positively for corporate sustainability.

Positive Stakeholder Attitude: A handful of respondents, 6 in all, reported getting a positive attitude from some of their stakeholders as regards their corporate sustainability behaviour. For instance, *'Being green is an added advantage for us because other companies want to do business with us, more customers are interested in what we do and how we do it'* **(F. Group)***;* and put another way, *'Customers and even other businesses are more comfortable doing business with you when they know you have ethical standards and you make every effort to uphold those standards and provide good quality products at the same time. It's a win-win situation. And when they're sure of your stand, they are happy to work with you'* **(P14)**. As can be seen from the comments above, the effect of this positive stakeholder attitude is viewed as an advantage by the SMEs involved and a validation of their corporate sustainability efforts. It is therefore important to encourage more of positive stakeholder

attitude towards businesses' corporate sustainability behaviour as this has an overriding positive effect on SMEs.

Stakeholder Influence: A number of stakeholder groups were identified by respondents as either having no influence on their corporate sustainability behaviour or positively influencing it. These responses varied from respondent to respondent depending on their own particular circumstances. Interestingly enough, the Employee and Supplier stakeholder groups appear in both the No Influence category and the Positive Influence category. This is because for a number of respondents, both stakeholder groups represented no influence for their corporate sustainability behaviour, while for some others, they represented a positive influence for the SMEs' corporate sustainability behaviour.

No Influence – A total of 18 respondents identified the following stakeholder groups as being unable to influence their corporate sustainability behaviour for a variety of reasons.

Employees (11 respondents): *'I'm not sure that would really count much because employees also have something to gain from being part of the business. And the reality is that important as they are, they do not call the shots in the organisation. I guess they could have some influence, but not enough to dictate what happens here. Not like the government or our customers for instance' (P2); 'Our staff, much as we value and even need them, don't really have a say in how the business is run. Their opinions are welcomed and may be taken on board, but they don't drive the direction of the business, so they wouldn't really count in this instance' (P20).* **Shareholders (4 respondents)**: *'Shareholders should ideally be stakeholder, but for us they don't really count when it comes to sustainability; they're more*

interested in the return on their investments, they don't care about this' (P30); 'In evaluating my stakeholders, most likely my shareholders would actually come last. They would actually be the least important for sustainability' (P8). **Suppliers (15 respondents)**: *'Suppliers for us wouldn't really count in a decision like this because it would be for us to choose the suppliers that we can work with to achieve the goals that we've set for ourselves. So I really don't see suppliers as relevant to that decision' (P1); 'So for me, the suppliers, they're interchangeable. You can basically figure out another way around how you produce. You can always say okay, if you're not adapting to the changes that we require, then we have to look for another supplier' (P3).* **Supply chain partners (3 respondents)**: *'As for our supply chain partners, so far it has not been an issue with them. If sustainability were to come up as a requirement or bargaining chip with them, would that sway us? I don't know. I'm inclined to say no, because again, we have options. It may cost us more and take time, but invariably, we have options' (P15).*

Important as employees are, for this group of respondents, they are considered as non-influencers for these SMEs' corporate sustainability behaviour. They don't wield significant influence in their businesses and they are also considered changeable. In the same vein, these respondents also regard suppliers and supply chain partners as corporate sustainability non-influencers for the same reasons. Shareholders are also mentioned here because they are not seen as significant in these respondents' particular organisational contexts. These findings contradict conclusions from some other research which indicate that employees and supply chain partners are significant influencers for corporate sustainability behaviour in SMEs (Nejati, Amran & Ahmad 2014; Park & Ghauri 2015).

Positive Influence – The majority of respondents (30 respondents), identified a number of stakeholders as being able to positively influence their corporate sustainability behaviour. The thinking is that if this group of stakeholders were to wield their influence by demanding respondents' engagement in corporate sustainability, they would willingly comply because of what they stand to lose from non-compliance. As previous studies have highlighted, it is important for businesses to identify the needs and expectations of their stakeholders and actively seek to satisfy them (Freeman 1984; Garvare & Johansson 2010; Harrison & Wicks 2012) so as to avoid said stakeholders taking negative actions against them e.g. boycotts (Foley 2005; Frooman 1999; Harrison & Wicks 2012). Discussions on each major stakeholder influence are presented in the following sections.

Customer or Consumer Requirements (26 respondents): Respondents indicated that customer and consumer requirements or demands for more sustainable products and, or services would serve as a strong catalyst for their corporate sustainability behaviour. In their own words, *'The stakeholder who would be in a position to influence us as such would probably be our customers' **(P1)**;* similarly, *You have to find out what the customers want and give it to them. So if they come in one day and decide they don't like the way we're doing something, we have to start thinking, how do we change it. And that's a big thing' **(P19)**;* and *'Consumers would be the strongest influence for us' **(F. Group)**; 'In terms of the business, it would be the customer; the customer has the highest power. If they come, it's good, if they don't, it's really, really bad' **(P22)**.* This relates to studies that highlight the potential of customers and consumers to engender change in SMEs for corporate sustainability (Nejati, Amran & Ahmad 2014; Park & Ghauri 2015; Tang & Tang 2012)

Government Intervention (25 respondents): As identified in this study, government intervention as an incentive for SMEs corporate sustainability behaviour consists of several considerations. In addition to highlighting government legislation as a tool for exerting this influence, respondents also indicated a need for the regulations to be SME-specific and for government to make efforts to ensure compliance across the board. This agrees with extant literature which highlights government regulations (Tang & Tang 2012; Williamson, Lynch-Wood & Ramsay 2006), government intervention (Ramirez, Gonzalez & Moreira 2014), and the need for SME-specific regulations and recommendations as significant for improving SMEs' corporate sustainability behaviour (Battisti & Perry 2011; Sen & Cowley 2013; Spence 2007).

A total of 25 respondents indicated a need for government intervention in different forms to facilitate their corporate sustainability behaviour. In all, 16 respondents indicated a need for Government Support Services, 14 respondents highlighted Government Legislation, while others mentioned SME Focus (7 respondents), SME specific Recommendations (6 respondents), Highlight Negative Consequences (5 respondents) and SME Sustainability Reporting (3 respondents).

As two of the focus group respondents put it, *'We need more government regulations and government interventions in SME sustainability';* and *'there's a need for government to create SME-specific regulations and enforce compliance, for them to be taken seriously'* *(F. Group).* This was echoed by these other respondents who commented that, *'Sometimes, somebody has to say, this is what you **must** do. It's like business rates, you must pay it. It's not something that you would pay only if we like to or when we have money. It might be maybe that sort of move needs to be made for organisations to say this is what you must do, so it becomes less of a 'would like to do' and more of a 'must do' (P3);* and *'But for that to*

work, there would have to be some sort of mechanism in place to ensure compliance by all small businesses. There's no point putting out a law or regulation that not everyone will comply with because then it seems a bit unfair' **(P17)**.

Other proposed influences include a need for government support services in the form of providing SMEs with the necessary information to operationalize sustainability as well as make available rebates or tax reliefs for SMEs engaging in corporate sustainability. These comments illustrate: *'Government could give a tax rebate for small businesses who are trying to comply with sustainability; maybe they could provide grants for some organisations, just to encourage them. Obviously government cannot provide funds for everybody but maybe SMEs with 50 to 100 people and those who have under 50 people, just some support that they need'* **(P19)**; *'We need an enabling environment for sustainability to work and I think that kind of support can only come from the government'* **(F. Group)**; *'For the current sustainability attitude to change, there's needs to be a re-education, a re-orientation of small and medium business owners, inform them of practical approaches that they can take and tangible benefits to be gained and tangible consequences of not engaging, and the buck rests with the government on this - if this doesn't happen, we're all just kidding ourselves'* **(P28)**.

Also, government putting the spotlight on SMEs' corporate sustainability behaviour as they do for their larger counterparts and making them equally accountable for their business activities in addition to vividly highlighting the negative effects of their not engaging in corporate sustainability would serve as further incentives. This respondent commented as follows, *'Also, if businesses could see the detrimental effects of not complying with sustainability in real terms, it would make sense to them. For instance, people with cancer or high blood pressure don't have to be forced to changes to how they live because they know*

that if they don't there can be very severe consequences, death even. So government needs to take a cue from that and highlight, very graphically what the consequences could be' *(P12)*; while another put it this way, *'Put in place fines or loss of licenses or something stringent that lets businesses know that they're serious about making this sustainability thing work' (P29);* and was further confirmed by this respondent, *'Maybe the government needs to give attention to how SMEs comply with sustainability, same as they do with the big businesses; maybe then, if they seem interested in what we're doing about sustainability, maybe we'll actually start getting things done' (P7)*.

Finally, government tailoring sustainability recommendations specifically for the SME context and enforcing SME corporate sustainability reporting would further motivate SMEs towards good corporate sustainability behaviour. As this respondent opined, *'I don't think there should be the same expectation from us as from the larger companies, because some of those requirements would just not make sense for us' (P2);* and this one suggested, *'As a small business, you don't have to report about sustainability. It's not mandatory. So it's like encouraging them to be laid back about sustainability. But if government can push from that angle and say yes, you need to include that, that would be a good starting point' (P22)*.

Inadequate Government Capacity to Enforce Regulatory Compliance in SMEs: While respondents' highlighted a need for government to impose regulations and policies on SMEs for corporate sustainability, a number of them pointed out that government is unlikely to have adequate capacity to enforce compliance in the entirety of SMEs, and as such this might not be a realistic expectation. The thinking was that, *'Government would not have the full resources or capacity to enforce compliance, so it has to be self-driven and anything that's self-driven, you know maybe 50% of the SMEs would do it and the other 50% won't*

touch it' (P27); and *'But the disadvantage of it is that people will always get around regulations. Unless it's a general government regulation where everybody has to comply and there are consequences for their non-compliance, it can work. But if it's not general, it will be a challenge to us' (P5).*

This is a very significant point in that due to the volume of SMEs that exist i.e. approximately 5.49 million as at the start of 2016 (BIS, 2016), it is truly unlikely that government would have the capacity to enforce compliance with corporate sustainability regulations across all of them. Therefore, in planning SME-specific corporate sustainability regulations, government needs to take into consideration its ability to effectively enforce compliance of said regulations. This could involve delegating the role of ensuring compliance to governmental bodies like local councils or even non-governmental bodies such as sustainability NGOs.

Management: Another strong stakeholder influence indicated for SMEs' corporate sustainability behaviour is SME management i.e. SME owner/managers. A significant number of respondents, 19 respondents were in agreement on this, indicating management as the core of the organisation. Some of them commented accordingly, saying, *'It's more of a managerial thing; management pull everything together and make sure that everyone's doing what they're supposed to do. So without having a good managerial structure, everything sort of falls apart, including sustainability. It just wouldn't work' (P20);* furthermore, *'What we do as management is to a large extent what determines the direction of the organisation. And that's based on our vision and the direction in which we want to move the organisation. So definitely, if sustainability did not feature ... or was not important to us one way or another, it is highly unlikely that it would be practiced here'*

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(P15); and again, *'It all boils down to management at the end of the day. Even if there are regulations or government requirements for sustainability or our customers start asking for green stuff, it's still down to us as the management to implement and make it happen (P22)*; and as confirmed by the focus group, *'For us, it would be management because if we don't get on board, it won't happen' (F. Group)*.

The thinking here is that as the organisation is run in accordance with the SME owner/manager's vision and goals, and they are in control of its decision making (Mazzarol & Reboud 2005; Park & Ghauri 2015; Williams & Schaefer 2013), they wield considerable influence over whatever direction the organisation takes. In addition, management have been described as being vital stakeholders, central to the relationship between the organisation and all its other stakeholders and acting as the interface between the organisation and these other stakeholders (Mitchell, Agle & Wood 1997). They have also been identified by previous studies as key stakeholders for corporate sustainability in SMEs (Hsu & Cheng 2012; Park & Ghauri 2015; Reyes-Rodríguez, Ulhøi & Madsen 2014; Williams & Schaefer 2013). Therefore, if the owner/managers are committed to corporate sustainability, there is a great likelihood of it being incorporated in the business and conversely, if they don't see any value in it, it's unlikely to be accepted in the organisation.

Employees: Some of the respondents highlighted that their employees were in a position to influence their corporate sustainability behaviour i.e. 12 respondents. This is in contrast to the group of respondents who viewed employees as non-influencers and highly changeable. For the respondents being discussed in this section, they considered their employees as positive influencers of their corporate sustainability due to their perception of the value they gain from them. For instance, this respondent argued, *'For us it will be the staff. I can*

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come up with a fancy menu and I can be like we're going to this and we're going to do that but they're like we can't do all this, it's not feasible, customers don't want it. They're sort of like my eyes and ears, so it's just making sure I listen to them' (P4); and also, *'That would definitely be my employees. We need our employees to be able to deliver service to our clients' (P17);* furthermore, this one opined *'My staff. The thing is because I'm not here all the time; I require them to run it. Because if they're not here, I'd have to shut the doors and would end up losing customers' (P22).* In addition, a number of studies buttress the notion of employees as catalysts for sustainability in SMEs e.g. Nejati, Amran & Ahmad (2014) and Park & Ghauri (2015).

Industry Pressure: Industry pressure was also considered as a significant influence for corporate sustainability by some respondents, 8 of them to be specific. This was based on the notion that if their particular industry starts moving towards corporate sustainability and they don't join in, they are likely to lose out or become irrelevant. To elaborate, this focus group respondent explained, *'We need to be sensitive to industry trends; if sustainability is the next big thing, we need to get with it otherwise, we won't be able to compete effectively (F. Group);* and this was corroborated by another respondent, *'So if it became an industry thing, absolutely … because things go in trends sometimes in any industry. So if that became the trend, we would have to be part of it' (P6);* and again, *'we're finding that some of our competitors are using sustainability to kind of carve a niche for themselves ... whether they are really doing what they're promoting, we don't know, but if that kind of thing were to catch on in the industry, then of course, we would have to get on board' (P27).*

Brand Improvement: A number of respondents (7 in total) highlighted the potential for corporate sustainability to improve their brand as a strong enough motivation for their corporate sustainability behaviour. As an added advantage, their enhanced brand would have the potential to make them more attractive to customers and consumers and ultimately generate more income for them. As this respondent put it, *'It's something that we take very seriously. Being sustainable separates us from the rest and makes our brand a lot more attractive to our customers. Let's face it; doing sustainability brings us more business, so it's good for our bottom line' (P21);* and was echoed by another respondent, *'it enhances our brand to do these things which is ultimately good for business' (P1)*.

Suppliers: The last major stakeholder group identified by 7 respondents as having a positive impact on their corporate sustainability behaviour was suppliers. Their perceived influence is based on the value respondents' associate with their services. For them, the absence of suppliers would mean their inability to deliver to their customers and consumers, inadvertently leading to their loss of income. Their argument was, *'Suppliers provide us with the products that we're selling. Without them really we would get orders from the customers and we wouldn't be able to fulfil them. So they're really, really crucial in the process for that reason and their opinion is very important to us' (P14);* and furthermore, *'Suppliers, essentially because they can offer new sustainable products and more efficient ways of doing business, as long as it's competitive' (P30)*.

Customers and consumers wield influence because they are considered as the lifeline of the business and without their input, businesses would fail. Government intervention on the other hand, is considered as a significant as due to their institutional nature, they have the capacity to not only enforce corporate sustainability regulations for SMEs, but can also provide necessary support for them. Management are viewed as key stakeholders as they

control the organisation's decision making and consequently influence what is acceptable there or not. Employees, industry pressure, and suppliers are considered as influences due to the value the respondents stand to lose from not responding to them i.e. losing employees' services and consequently not being able to service clients, becoming irrelevant as a result of not going along with industry trends and unavailability of products and services from suppliers to service SMEs' clients. Brand improvement is an incentive as it helps the business appear more appealing to consumers or other businesses, resulting in better turnover for them.

Some other less significant stakeholder influences were mentioned in the course of the interviews such as the community, investors and SME cooperation. **The community (4 respondents)** was considered as an influence in the sense that they have the potential to affect the existence of the business: *'The community on the other hand may be able to influence us that way because we see them as a really important part of our business. They can affect our ability to stay in business' (P1), 'Also the society, it shouldn't be downplayed. The society we are in and the community, we provide services, we take that also very, very seriously' (P22).* **Investors (2 respondents)** were mentioned by two respondents as potential influencers of SMEs' corporate sustainability behaviour as they control the capital base of the company: *'That would be my investors, because the business' survival depends on them' (P19); 'For us, investors, the bank would be a strong influencer because without their funding, the business can't function' (P4)*. And lastly, **SME cooperation (3 respondents)** was recognised as a potential influencer of SME corporate sustainability behaviour as it was highlighted that by banding together, SMEs have more clout and would possess a greater potential for achieving corporate sustainability than if they were acting individually. As they said, *'It would be great if most small businesses could band together to do something. Some*

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of us are stronger than others and we can push one another. But most small businesses are just focused on running their small business, myself inclusive. If we do that, that works' **(P11)**; and in addition, *'now the nearest similar business to me sees me as a competitor, so we're not likely to sit down together and say this is what we want to do and this is how we want to go about sustainability, but if we were able to come together, we could do much more'* **(P19)**.

6.2.3.2 Overall, SME owner/managers are the overriding catalyst for bringing about SMEs' corporate sustainability behaviour

Based on the findings of this study, a wide range of factors affecting SMEs' corporate sustainability behaviour have been discussed. Some have appeared more significant than others based on the number of responses attributed to them, e.g. capacity building, organisational attitude, resource constraints and stakeholder influence. While all these factors are pertinent and represent strong catalysts for effecting change in SMEs' corporate sustainability behaviour, it is proposed that for the SME context, the owner/manager remains as the most significant influence. In the SME context, the owner/managers to a large extent control the decision making and strategic direction of the organisation (Torugsa, O'Donohue & Hecker 2012; Williams & Schaefer 2013; Williamson, Lynch-Wood & Ramsay 2006; Witjes, Vermeulen & Cramer 2016) and their opinions and perspectives are therefore very instrumental to how the organisation is run. In terms of influencing SMEs' corporate sustainability behaviour, the aim is to get them to commit to operating every aspect of the business according to sustainability principles. To effectively achieve this, it is crucial to get the SME owner managers to commit to the corporate sustainability agenda.

Their commitment would reflect in the way they run their businesses and consequently engender their corporate sustainability behaviour.

It is important to note that all the other significant factors that can affect SMEs corporate sustainability behaviour are limited in the sense that they still need to be executed or operationalized by the SME owner/managers. For instance, even if capacity building in the form of clarifying the business case, providing information about corporate sustainability in the SME context and giving guidance on how to operationalize corporates sustainability in SMEs was made available, if the SME owner/manager does not understand the information provided or still does not buy into the business case or chooses not to go along with it, it would be impossible to actualise in that business. In the same vein, if the organisational attitude, which is really the owner/manager's attitude towards sustainability is negative or he/she does not have a sense of responsibility towards environmental or social concerns, this attitude will be reflected in the way that the business is operated. Also, where they feel committed to corporate sustainability, SME owner/managers may choose to overlook the attendant resource constraints in order to achieve corporate sustainability goals. Similarly, even though pressures from other stakeholders in the form of government regulations, customer or consumer demands, industry pressure or employee may influence SME corporate sustainability behaviour in the short term, it is unlikely that this behaviour will go the long haul without SME owner/managers' buy in. SME owner/managers occupy a unique role which is highly strategic to the organisation in that they are the only stakeholders in a position to control the decision making of the organisation and they are responsible for managing the interaction between the organisation and all of its other stakeholders.

In the light of the above discussion, it is apparent that efforts to effectively influence SMEs' corporate sustainability behaviour should be targeted directly at the SME owner/managers.

6.2.4   Findings Associated with the Resource Constraints Construct

One of the factors identified for SMEs corporate sustainability behaviour in this study is

Resource Constraints. These constraints are identified as Time Constraints and Finance

constraints and form part of the study's theoretical framework. This is illustrated in figure 4

below.
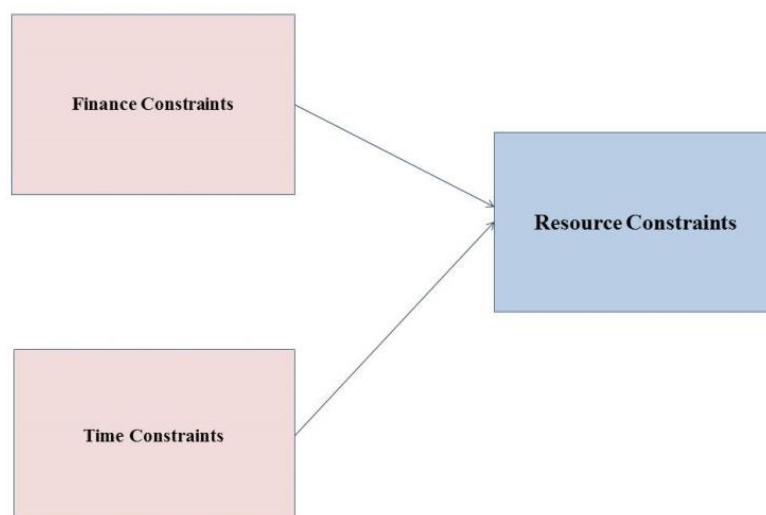
Figure 6.4: The Resource Constraints construct and its sub-nodes

6.2.4.1 Resource constraints of time and finance are significant considerations in deciding for corporate sustainability in the SME context.

Resource constraints were highlighted by respondents as part of the key factors affecting

their corporate sustainability behaviour. Specifically, constraints of finances and time as

depicted in the study's theoretical framework were identified as significant. Extant literature

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has highlighted these restraints as peculiar to the SME context as regards corporate sustainability (Howarth & Fredericks 2012; McKeiver & Gadenne 2005; Tsai & Chou 2009). As such this finding serves to corroborate those studies. A total of 14 respondents contributed to the Resource Constraints theme with 11 of them highlighting Finance Constraints and 10 of them highlighting Time Constraints.

Finance Constraints (10 respondents): These are identified as the attendant costs that SMEs would incur as a result of their corporate sustainability behaviour. Majority of respondents indicated finance constraints as a factor affecting their corporate sustainability behaviour. Where corporate sustainability costs are perceived as relatively higher than the costs of business as usual, it is highly unlikely that the business would engage in corporate sustainability. For instance a focus group respondent argues, *'For a small business, cash flow is important. That's what a small business owner is thinking of. And the fact that capital is not readily available makes it worse. So, if sustainability can be done without it affecting cash flow negatively, fine, if not, it would be a definite no, no' (F. Group)*; and this is confirmed by these other respondents *'But I know from experience with organisations that sometimes with sustainability you have to spend more and see the future rewards and that can be unattractive to an organisation on your sort of cash flow immediately. So maybe for us, that's why we're not even thinking about it, because it will cost you know, a bit here and there. So it's not something that we've even considered' (P23); 'It sort of costs you more to implement sustainable practices. As a small business, your eye is on cost. So you're looking at making short term gains so to say' (P9)*.

Time Constraints (10 respondents): Time constraints are described as the time commitments required by SMEs to engage in corporate sustainability behaviour. In a number of cases, respondents reported time constraints as being a more significant factor for their corporate sustainability behaviour than finance constraints. The described the time requirements for corporate sustainability as prohibitive and counterproductive for corporate sustainability. As explained by this respondent, *'I think sometimes it's more the effort and the time that goes into the whole changing of how you work is what would make any organisation reluctant as against the cost of things. But it's the time and the changing of the structure and the changing of the company culture and the way things work is more what would make us reluctant to going in that direction' (P24);* and *'There's the time factor and the whole change of policy and culture change, absolutely. It is a burden as far as I see it' (P9).*

6.2.5   Findings Associated with the Situational Factors Construct

6.2.5.1 Situational factors come into play and serve to enhance or negate SMEs' corporate sustainability behaviour.

Situational factors in the context of this study are described as factors outside of the SMEs control that serve to either facilitate their corporate sustainability behaviour or negate it. A total of 23 respondents contributed to this theme and based on their comments, a number of situational factors were identified as relevant to the SMEs interviewed for this study – Business Rates (8 respondents), Business Premises (7 respondents), Enabling Factors (7 respondents), Management's Background (4 respondents), Management's Personal Values (15 respondents). Each of the situational factors is discussed in turn in the next sections.

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Business Rates (8 respondents): Business rates refer to a tax levied by the government on all UK businesses for the costs of local services provided to them (Gov.uk). They represent a mandatory additional cost that all UK based businesses must incur irrespective of their size or structure. While this cost is not directly related to corporate sustainability, it is a relevant cost that SMEs are obliged to pay irrespective of their financial base. For SMEs' who are already financially constrained (Biondi, Frey & Iraldo 2000; Fassin, Van Rossem & Buelens 2011; Huang, Ding & Tan 2015), additional costs like these are likely to deter their corporate sustainability behaviour. This respondent complained, *'As it stands already, we're paying out quite a lot because of business rates, so we're looking for opportunities to cut down on our costs, not increase them' (P7);* and was echoed by this respondent, *'When you even look at the cost of energy. The cost of the energy we use here is extremely high. Because the tariff they use for businesses is way too high. The difference between the tariff for a business and a home user is almost like a ratio of one to ten. So averagely, this place will pay about four hundred pounds every month for electricity. But in homes, they have facilities like day tariffs and night tariffs' (P5)*.

Enabling Factors (7 respondents): These are described as standard provisions that may ordinarily be available to businesses and which could enable their corporate sustainability e.g. the provision of recycling bins by the government or the availability of technology. Comments ranged from, *'They do provide the bins for recycling and general waste and that's an issue for us' (P1);* to *'If I don't have the facilities for conference calls, video conferencing or meeting rooms, I can't stop my employees from going out to client sites for meetings and driving and all that kind of stuff. If I don't put in the tools for them to be able to review*

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documents electronically or archive documents electronically, then I won't be able to say you don't really have to print' (P13).

Management's Background (4 respondents): The educational or professional background of the SME owner/managers could represent a situational factor as it could either enhance or negate the company's corporate sustainability behaviour. To explain the basis of his organisation's current sustainability behaviour, this respondent commented, *'But that is borne out of huge experience because my background is in engineering and I've managed factories and I've been involved in a lot of environmental programmes and even driving us to ISO18001 and all that type of stuff. So, where do I get my oils from, where do we get that from? So I'm bringing all that into a small business like this' (P27);* as did another one, *'Like the directors … One of our directors is involved in the whole green movement' (P24)*.

Management's Personal Values (15 respondents): This point has been highly cited in the literature as a catalyst *for* SMEs' corporate sustainability behaviour (Gadenne, Kennedy & McKeiver 2009; Hillary 2000; Jansson et al. 2015; Klewitz & Hansen 2014; Revell & Blackburn 2007; Williams & Schaefer 2013) however, in this study argues that in addition to that, it can also be a factor that swings the organisational behaviour either way i.e. *for* or *against* corporate sustainability. The personal values that SME owner managers place on corporate sustainability matters would invariably have an effect on the way that they run their businesses. This could result in a positive effect that enhances corporate sustainability in the business, a negative effect that goes against corporate sustainability or indifference. Respondents in this study were either positively disposed to corporate sustainability

behaviour or indifferent to it. In their own words, *'Of all the stakeholders, I think it's more management than anything else that cares about sustainability, it's more of a managerial thing'* **(P5)**; and *'Yes, definitely. I think it's important to safeguard our environment and preserve what we have for future generations'* **(P16)**.

Business Premises (7 respondents): A number of infrastructural considerations could sway SMEs' corporate sustainability behaviour either way. The main one identified in the course of this research is the premises in which the business is located. A number of SMEs locate their businesses in older, less eco-friendly buildings due to the reduced rents and charges. However, these buildings tend to cost more to maintain due to age, wear and tear and insulation issues. Depending on how much it costs the business to maintain such buildings, that additional cost may hinder their commitment to corporate sustainability. Also, because of the nature of such buildings, it may not be feasible for the business to be sustainably run from there. As respondents argued, *'The building we use as an office is really old and so requires more resources to run – especially the heating. So basically, infrastructure has a huge part to play in a business being sustainable'* **(F. Group)**; and *'Because the building we're in was built in the late 70s and for me if I were to make it into an energy efficient building, that would cost me a lot of money, so unless the government would give a tax rebate why would I want to do it?'* **(P19)**; furthermore, *'Energy efficiency is something that is … it's something that we are really trying to work on because the building is not energy efficient at all. It's absolutely not energy efficient. One part gets so warm, one part is so cold. So apart from the boiler we are using, we have to put electric heaters in at least two or three rooms'* **(P4)**.

In line with the theoretical framework developed for this study, it is proposed that a combination of all these factors i.e. *Capacity Building*, *Organisational Attitude*, *Resource Constraints*, *Stakeholders* and *Situational Factors* will bring about an intention to act for corporate sustainability by SMEs and ultimately lead to their corporate sustainability behaviour.

6.2.6 Other Pertinent Findings

In addition to the SME corporate sustainability factors mapped by the theoretical framework, a number of other salient findings emerged from the study. These are discussed in turn below.

6.2.6.1 There are a myriad of issues that hinder SMEs corporate sustainability behaviour

As highlighted above, in spite of their appreciation of the value of corporate sustainability and the benefits they gain from their current sustainability practices, the SMEs' interviewed still indicated reluctance to committing to corporate sustainability. A number of reasons were cited for this and the most salient ones are discussed in the following sections.

Costs: A key issue highlighted by majority of respondents was the costs required for operationalizing corporate sustainability i.e. 17 respondents. Even though several attempts have been made by a variety of stakeholders to showcase the long term benefits of corporate sustainability (Bansal & Roth 2000; Larrán Jorge et al. 2015; Revell, Stokes & Chen 2010), a lot of SMEs are still of the opinion that the costs of engaging in corporate sustainability greatly outweigh whatever benefits they may realise. As one respondent

commented, *'Reason being it sort of costs you more to implement sustainable practices. As a small business, your eye is on cost. So you're looking at making short term gains so to say. So that's what I think, for small businesses, the disadvantages outweigh the advantages'* **(P30)** and was corroborated by a member of the focus group *'The costs of engaging in sustainability can be prohibitive'* **(F. Group)**. This perception could be linked SMEs not fully understanding how corporate sustainability works, the characteristic short-term focus of small and medium sized enterprises (Tsai & Chou 2009; Williams & Schaefer 2013) and what they consider to be an ambiguous business case for SMEs' corporate sustainability (Battisti & Perry 2011; Huang 2015; Revell, Stokes & Chen 2010). Consequently, education and provision of information on how to enable corporate sustainability in the SME context is the key to addressing this issue.

Managing Sustainability: Again, 17 respondents complained about the stress associated with managing the different aspects of corporate sustainability and how this represented a management problem for them. As this respondent observed, *'You know, you sit there as a director and you're thinking, should I go down that route, should I continually switch off the heating to save the environment? But then it affects employee productivity when people are not comfortable you know at work because they're cold. So that's the only thing again that makes you think …'* **(P12)**; and was supported by this response, *'Employees for example, for me to be able to control employees not to print for instance is going to be very difficult. I'm not going to be there all the time. People can even print realise they made a mistake, chuck it in the bin and print another one'* **(P27)**; and *'It's the time sometimes to sort through waste, the effort to remember to switch things off, the effort that goes into rearranging meetings so that we don't have to do them face to face'* **(P5)**. This thinking could be attributed to

SMEs' perception of corporate sustainability as huge project that needs to be executed all at once and buttresses the idea that they see is a burden and an inconvenience (Christopher & Walter 2010; Wilson, Williams & Kemp 2012). It would be helpful for them to receive guidance on how to take a phased approach to corporate sustainability by implementing manageable stages over a period of time.

Inadequate Government Support: Another issue raised by 15 respondents was the inadequacy of government support for corporate sustainability in SMEs. Respondents believe that government is in a position to do much more to encourage corporate sustainability in SMEs or take steps to make it easier for them to engage, but has either done nothing at all or not done enough. As these focus group participants said, *'We need an enabling environment for sustainability to work and I think that kind of support can only come from the government'; 'The government has the power but they don't do much, no regulations, no interest really' (F. Group);* and other respondents indicated, *'The council for us generally don't do anything as far as I'm concerned anyway. They don't even come and take away our dustbins so … they don't' (P14); 'There are supposedly all sorts of initiatives by the council to help small businesses grow and they have all sorts of events and things that they say that they're doing, but it's all propaganda and it ends up having little or no impact. Because you see or hear we have a talk on sustainability, come to our workshop, you sit down, listen to it, okay take some hand-outs, put some posters up, what next? It's done. So they tick their box, they've done it' (P9)'.* These comments not only highlight a need for government to take steps to address sustainability in SMEs more proactively, but they also indicate a great sense of distrust for the government by SMEs. This perception of distrust for the government and their SME sustainability initiatives could pose a bigger problem than

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inadequate governmental support for SMEs because it means that even when the government makes available genuine sustainability programs or initiatives that could be beneficial to SMEs for example NetRegs (DEFRA, 2011), SMEs would not take advantage of them. They would see it as just another project the government is embarking on to appear responsible. As such, it is essential for government to take steps to repair their image with SMEs in order to effectively engage with them on corporate sustainability matters.

SME Motivation: As mentioned earlier on in this chapter and corroborated by previous studies (Howarth & Fredericks 2012; Moore & Manring 2009), the SMEs interviewed for this study still indicated a general disinclination towards corporate sustainability. This was reflected in comments from 11 respondents which is significant considering the wide range of issues that were discussed. Some of the most poignant comments include this one by one of the individual interviewees, *'It wouldn't be something that we would do on our own or initiate, Because right now the way things are running it's ticking along nicely, we're not having to do much'* **(P23);** and this by another respondent, *'There's really no reason to. I mean, we do our bit here and there but it would be too much to for instance, change the entire way we run our business for that reason. We would much rather invest that extra capital into improving the quality of our business' (P23).* These comments reflect that SMEs are generally comfortable with the way that they are currently running their businesses and view the inclusion of corporate sustainability as an unnecessary and unwelcome intrusion. Consequently, in order for the overall goals of sustainability to become a reality, they need to be sensitised to the significance of their commitment to corporate sustainability.

Customer or Consumer Indifference: The attitude of customers and consumers to SMEs' corporate sustainability behaviour was also indicated as a barrier by 10 respondents. They described customer and consumer attitudes to corporate sustainability as indifferent at best, reporting that customers and consumers don't care about how the products and services are produced and delivered, but rather are more interested in getting a good quality product, on time and at a good price. For example, *'So for them, for the customers, it doesn't matter if it's ethical or not, it's never been a deal breaker for us, not to date anyway'* **(P23)**; *'The thing though is customers don't seem to care. They don't care right now and they're not likely to anytime soon. When they get their order, all they're interested in is if this is the correct item, it's not damaged or scratched and it arrived on time. They don't really want to know where the materials were sourced, what the factory conditions are or how it affects the climate. It's just simply, I've paid for this item, get it to me!' **(P2).*** Since customers and consumers are not pushing for more sustainable products and services, it's one more reason for SMEs to not commit to corporate sustainability. Conversely, if customers and consumers were demanding for more sustainable offerings, that could pose as an incentive for SMEs to change their corporate sustainability behaviour. As explained by this respondent, *'Customers would probably be in the best position to influence sustainability for us, but do they really care. It's not important to them'* **(F. Group)**; and confirmed by this one, *'But like we discussed earlier, even though consumers appreciate and even applaud socially and environmentally responsible businesses, they are not making any demands from us. And from what we can see, that's not likely to change anytime soon'* **(P15)**.

Due to their uncaring attitude towards corporate sustainability in SMEs, customers and consumers are unable to wield their well-documented potential to influence change of behaviour for corporate sustainability in the SME context (Hsu & Cheng 2012; Johnson &

Schaltegger 2015; Nejati, Amran & Ahmad 2014; Williams & Schaefer 2013). Consequently, it is necessary for efforts to be made to create more sustainability awareness for customers and consumers and also sensitise them to the benefits of procuring more sustainable goods and services. This should lead to a change for sustainability in their demand patterns and as a result, represent an incentive for small and medium sized enterprises to improve their corporate sustainability behaviour.

6.2.6.2 SMEs would welcome a SME Corporate Sustainability Toolkit

As mentioned in Chapter Four, Data Analysis, the idea of a SME Corporate Sustainability Toolkit emerged during the preliminary phase of this study but was not fully explored until the main phase of the study. The underlying issue with SMEs' current sustainability behaviour and which has been underscored by this research is *a need for information*. Information on corporate sustainability as it relate to SMEs, clear information on the business case for corporate sustainability in SMEs, information on how SMEs can execute corporate sustainability, and information on the benefits they stand to gain from corporate sustainability as well as the consequences of not acting in line with corporate sustainability. Provision of all this information in a simplified, unambiguous format would help to address majority of SMEs' corporate sustainability issues and also create an enabling environment for their corporate sustainability behaviour. It would also help to signal to SMEs how important and crucial their involvement is to achieving the overall societal sustainability goals. This is an element that is lacking so far, as SMEs generally seem to think that they are irrelevant to the sustainability discourse and it can go on fine without them. A SME Corporate Sustainability Toolkit targeted at SMEs, and consisting of the required

information and guidance on how they can operationalize corporate sustainability would go a long way to meeting this need.

The discussion about a potential SME Sustainability Toolkit was aggregated under the Toolkit theme. This was split into Toolkit Value i.e. the perceived potential value such a toolkit could have to their organisations and Toolkit Trial, their willingness to try out such a toolkit. All respondents contributed to the Toolkit theme and its sub themes. Based on the discussion, 29 respondents were of the opinion that such a toolkit would be useful to them while 2 respondents expressed indifference. With regards to Toolkit Trial, 30 respondents indicated a willingness to try out a SME Sustainability Toolkit while 1 respondent was indifferent. In the respondents own words, *'Businesses would benefit from a sort of Sustainability 101 course and I think this toolkit might just be able to provide that'* **(P2)**; *'I definitely think that would be helpful. Especially if it gives guidance on what SMEs need to be doing about sustainability and how we can realistically achieve these things'* **(P11)**; *'Yes, definitely. That would certainly be a useful tool for any small business I think. It would be very helpful'* **(P16)**; and also, *'Certainly. We would be happy to try it'* **(P29)**; *'Absolutely. I think it would be very helpful to us as a business. So yes, we would be quite keen to try it out'* **(P15)**. Therefore, it can be assumed that a SME corporate sustainability toolkit would be beneficial to the SME community and would be largely welcomed by them.

6.3   Conclusion on Findings

This chapter has detailed the findings from this study linking them to extant literature where applicable. The main findings consisted of a range of factors identified as affecting UK manufacturing SMEs corporate sustainability behaviour. The most significant of these are a

need for SME capacity building for corporate sustainability, encouragement of a positive SME organisational attitude towards corporate sustainability, adequate management of the resource constraints of finances and time, and stakeholder attitude towards corporate sustainability as well as their ability to influence SMEs corporate sustainability behaviour. In addition to this, situational factors which may hinder or promote SMEs' corporate sustainability behaviour were explored. These were identified as business rates that SMEs are required to pay, the state of their business premises and how well suited they are to enhancing their corporate sustainability, other enabling factors such as the provision of recycling bins by the council or SMEs' abilities to provide certain facilities such as eco-friendly company cars, management's educational or professional background that may or may not include some first-hand experience with the realities of corporate sustainability and management's personal values which may go for or against corporate sustainability.

In addition to the above, a myriad of issues that SMEs associate with corporate sustainability were also identified. These included the need for more SME-specific government regulations, ensuring that these regulations apply to all SMEs and government making efforts to ensure compliance in spite of their identified capacity constraints, the need for more SME-specific corporate sustainability recommendations, the notion that even though customers and consumers do appreciate and applaud SMEs' corporate sustainability activities where they exist, this does not necessarily impact how they relate with the organisation or reflect in their demands as they tend to have an indifferent and uncaring attitude towards corporate sustainability. A need for increased governmental support for encouraging SMEs' corporate sustainability behaviour was also highlighted, a need for more SME-specific corporate sustainability information and guidance, and a need for SME mind-sets to be changed to appreciate their importance to corporate sustainability, the impact

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they can have on it, and the fact that their size is not necessarily prohibitive to their corporate sustainability behaviour.

Interestingly enough, the findings revealed that SMEs have a good understanding of sustainability in its broad sense but struggle with understanding how it relates to the SME context. They also engage in a number of corporate sustainability practices spanning both the social and economic dimensions of corporate sustainability and in some cases have sustainability policies in place to guide their organisational activities. However in spite of this, they still exhibit a general reluctance to commit to corporate sustainability in its entirety. They seem more content to engage in corporate sustainability activities randomly, as it suits them instead of making an actual commitment.

Overall, based on the findings of this research, it is proposed that the fundamental requirement for achieving corporate sustainability behaviour in UK manufacturing SMEs is *information*. There is a need for specific, targeted, unambiguous corporate sustainability information to be provided to SMEs in order to help develop their capabilities for corporate sustainability.

6.4   Recommendations for UK Manufacturing SMEs' Improved Corporate Sustainability Behaviour

Based on the findings from this study, a number of recommendations for improving UK manufacturing SMEs' corporate sustainability behaviour are suggested. As has been highlighted in the discussion above, a major requirement for bringing about a change in SMEs' behaviour towards corporate sustainability is information provision. This would contribute greatly to addressing the issues they have with corporate sustainability and also

help enable the factors affecting their improved corporate sustainability behaviour. Therefore, the main recommendations suggested revolve around the provision of relevant SME- specific information in one form or another.

Each of the suggested recommendations is discussed in turn below.

6.4.1 Provide SMEs with the necessary information required to build their capacity for corporate sustainability

Capacity building has been identified as one of the main factors affecting SMEs' corporate sustainability behaviour. To enable this, SMEs need information about the realities of corporate sustainability for their particular environments as different from the larger organisations. In particular, they need information on their relevance to corporate sustainability, its business case for SMEs, the actions they can take for it and the negative impacts of their not engaging in corporate sustainability. To achieve this, the recommendation is that the government being an institutional influence and one of the key stakeholders identified for effecting SMEs' corporate sustainability behaviour, should take steps to provide this information to them. The information can be provided in the form of free leaflets or brochures, seminars, workshops, and advertisements in popular media. In addition, government could also provide SME-specific training courses for them to guide them on actions they can take to improve their corporate sustainability behaviour. In order to facilitate an extensive reach, these measures can be put in place through the local councils or by partnering with small and medium business organisations such as the Federation of Small Businesses (FSB). Apart from meeting the information and capacity building needs of SMEs' government taking these steps would communicate to SMEs that

government takes their corporate sustainability behaviour seriously and is interested in helping them reach their maximum potential for corporate sustainability.

6.4.2 Government should create SME -specific corporate sustainability regulations

The majority of corporate sustainability legislations currently in existence are targeted at larger organisations or multinational companies (MNCs) with SMEs largely unaffected. Instead of regulating SMEs' corporate sustainability behaviour, the UK government has chosen instead to adopt a non-regulatory approach to SMEs, advocating rather for their voluntary compliance. This stance by the government has further served to buttress the notion that corporate sustainability is more relevant to large organisations or MNCs and therefore SMEs have no part to play in it. So far this non-regulatory approach does not seem to have worked as SMEs are still lagging behind in corporate sustainability endeavours. Furthermore, SMEs themselves appear to be advocating for a more regulatory approach to their corporate sustainability behaviour as they believe that this would be a more effective approach. Hence, the government needs to create laws to govern SMEs corporate sustainability behaviour. It is important for the government to take into consideration the fact that as SMEs differ in size and structure from their larger counterparts, laws and regulations that work for large organisations and MNCs may not necessarily work for SMEs. Therefore, these laws need to be specific to the SME context taking into consideration their particular features such as their size, number of employees, capital base, and level of expertise to mention a few. In addition, the laws need to be applicable to the entirety of SMEs and efforts need to be made to ensure SME compliance across the board. Again, putting this in place for SMEs will also signal to them their importance to corporate

sustainability and indicate to them that the government takes their corporate sustainability

behaviour seriously.

6.4.3 Government should provide incentives for SME engaging in corporate sustainability

To further encourage good corporate sustainability behaviour in SMEs, the government

needs to provide some incentives for SMEs who are making efforts in that direction. A

significant issue raised by a number of respondents in this study was the issue of business

rates. The general thinking was that the rates were unduly high and government should

consider reviewing them according to the size and structure of businesses. Where SMEs

make efforts towards corporate sustainability, government should endeavour to encourage

such SMEs by providing incentives in the form reduced business rates, financial grants for

specific corporate sustainability initiatives, reduced tariffs, tax rebates or providing them

with free consultancy or training services on corporate sustainability. This additional support

from the government will go a long way to bring about a positive, lasting change in

behaviour by SMEs towards corporate sustainability.

6.4.4 Tailor corporate sustainability recommendations for SMEs

It has been pointed out in extant literature that SMEs differ significantly from their larger

counterparts and as such should not be treated as scaled down versions of larger

organisations (Hatak, Floh & Zauner 2015; Ki-Hoon 2009; Sen & Cowley 2013; Tilley 1999a).

In the same vein, when developing corporate sustainability solutions for SMEs or proposing

recommendations for them, a one size fits all approach should not be taken. Solutions that work for larger organisations may not be suited to the SME context (Battisti & Perry 2011; Jenkins 2006; Johnson & Schaltegger 2015). Therefore, it would be more productive to create solutions and recommendations that are tailored specifically for SMEs so that they will be more feasible and effective. In doing this, it may also be worthwhile to propose an incremental or phased approach to the way SMEs operationalize sustainability. This way, it would be less burdensome for them and they can work on making changes to manageable segments of their operations such as sourcing their raw materials or their production processes instead of having to overhaul their entire operations in one go.

6.4.5 Distinguish between micro, small and medium sized enterprises for corporate sustainability

The term Small and Medium sized Enterprises (SME) covers a broad spectrum of organisations. The European Commission definition which is the one followed for this study describes them as organisations that have between one and two hundred and fifty employees and an annual turnover of up to fifty million Euros. It further categorises them into micro enterprises (having up to ten employees and maximum annual turnover of two million Euros), small enterprises (up to fifty employees and ten million Euro annual turnover) and medium enterprises, (up to two hundred and fifty employees and fifty million Euros annually) (European Commission, 2003). Based on their staff size and capital base, there are major points of difference amongst these three categories of organisations. Consequently, in dealing with SMEs' corporate sustainability behaviour, these differences must be taken into consideration. Efforts made to address this such as capacity building

initiatives, SME-specific regulations and recommendations as well as providing incentives to encourage SMEs' corporate sustainability behaviour should take these disparities into account and specify measures for micro, small and medium enterprises respectively.

6.4.6   Key stakeholder groups need to be sensitised to take action for corporate sustainability as this impacts SME corporate sustainability behaviour

It is important for key stakeholder groups such as the government, customers, consumers, supply chain partners, industry associations and sustainability non-governmental organisations to take a stance for corporate sustainability. From the findings of this research, it appears that not enough is being done by these stakeholder groups for corporate sustainability and consequently this is having a negative impact on SMEs' corporate sustainability behaviour. The actions or otherwise of these entities indicate to SMEs' the level of importance they place on corporate sustainability matters which in turn affects SMEs' corporate sustainability behaviour. As stakeholders in general have been highlighted as strong catalysts for SMEs' behavioural change (Clifton & Amran 2011; Ferenhof et al. 2014; Gadenne, Kennedy & McKeiver 2009; Kassinis & Vafeas 2006; Meath, Linnenluecke & Griffiths 2016), it is crucial for these stakeholder groups to change their behaviour and start impacting SMEs' corporate sustainability for good.

This chapter has detailed the findings of this research project in linking them with the relevant data extracts and extant literature where applicable. In addition, it has focused on highlighting the findings as they derive from the study's theoretical framework and also incorporated the key findings that fall outside of the framework. The next chapter, Chapter Seven concludes this research project.

7.0　Summary and Conclusions

7.1　Overview

This chapter is the concluding chapter of this thesis and represents the culmination of this research project. It starts with a conclusion of the study followed by a summary of its key findings, a discussion of the study's contributions to knowledge, theory, and practice, the limitations of the study, and suggestions for future research.

7.2　Summary of the Study and Key Findings

This section provides an overall summary of this research project highlighting how it has met the original objectives set for it. It also delineates the key findings of the study, illustrating how they relate to the study's objectives.

7.2.1　Summary of the Study

This study set out to examine from UK manufacturing SMEs' perspectives, the factors affecting their corporate sustainability behaviour. It was executed as a qualitative study using a sample of owner/managers from a total of fifty two UK manufacturing small and medium sized enterprises (ten from the preliminary study and for the main study, thirty interviewed individually and twelve as a focus group) based in the South East region of the UK. The main objectives were to understand UK manufacturing SMEs' current corporate sustainability behaviour and the factors affecting this, to determine from their perspectives the factors that would affect their improved corporate sustainability behaviour, and to provide recommendations for encouraging improved corporate sustainability behaviour in

UK manufacturing SMEs. Each of these objectives was duly met as demonstrated in the Data Analysis chapter, Chapter Four (section 4.5.5) and Chapter Six, the Findings and Discussion chapter (section 6.4).

The current sustainability behaviour of UK manufacturing SMEs was identified as being generally inclined to arbitrary acts of corporate sustainability but still reluctant to commit to running their businesses in accordance with this. The main factors affecting their current sustainability behaviour were the financial benefits derived from their corporate sustainability activities and the inclinations of their owner managers. To improve on their corporate sustainability behaviour, the key factors determined were a need for SME capacity building for corporate sustainability, a positive SME organisational attitude towards corporate sustainability, stakeholder attitude to SMEs' corporate sustainability and stakeholder influence and resource constraints of finances and time. Recommendations for encouraging SMEs' improved corporate sustainability behaviour were proposed as a need to provide required information for SME capacity building, driven by the government; a need for SME-specific regulations; a need for the government to provide incentives for SMEs engaging in corporate sustainability behaviour; a need for corporate sustainability recommendations to be tailored to the SME context and a need to distinguish between micro, small and medium enterprises in addressing SMEs' corporate sustainability behaviour.

As part of meeting the research's aim and objectives, the main output of the study was a theoretical framework developed for examining the factors affecting UK manufacturing SMEs' corporate sustainability behaviour. This framework was based on the findings of the study as well as the theoretical underpinning applied to it. It also formed the basis for proffering recommendations for improving UK manufacturing SMEs' corporate sustainability

behaviour. The theoretical underpinning resulted from an elaboration of the Responsible Environmental Behaviour (REB) theory (Hines, Hungerford & Tomera 1987). In keeping with the abductive approach followed for this study, the REB theory was elaborated to make it adaptable to the context of this study and enable it adequately explain the study's findings. The theory elaboration process involved introducing new constructs to the REB theory as well as merging it with an existing theory (Ketokivi & Choi 2014; Voss, Tsikriktsis & Frohlich 2002), the Stakeholder Theory (Freeman 1984). As a result of this, the key constructs of the elaborated REB theory are Capacity Building, Organisational Attitude, Stakeholders, Resource Constraints and Situational Factors. It is proposed that these corporate sustainability and ultimately lead to their corporate sustainability behaviour.

7.2.2   Key findings

Detailed discussions of the findings from this study were discussed in Chapter Six, Findings and Discussion. Their key points and how they relate to the objectives originally set for the study are summarised below.

7.2.2.1 Capacity Building is required to encourage SMEs' improved corporate sustainability behaviour

One of the main findings of this study is that SMEs require a lot of support in the form of capacity building to improve their corporate sustainability behaviour. This finding can be linked to both *objectives two* and *three* in the sense that it identifies a need for SME capacity building as a factor for improving on their corporate sustainability behaviour and it

consequently forms the basis for recommending that efforts be made towards SME capacity building in order to improve their corporate sustainability behaviour.

To enable SMEs' capacity building for corporate sustainability, they require information on sustainability as it relates to the SME context, a clear business case highlighting the benefits to be gained and the consequences of not engaging in corporate sustainability and guidance on how to operationalize corporate sustainability. It is therefore necessary to make this information available to SMEs in a simple, clear and unambiguous format to enable their capacity building for corporate sustainability.

7.2.2.2 SMEs' believe that corporate sustainability regulations will benefit them

SMEs believe that a firmer approach to their corporate sustainability behaviour in the form of regulations is required to change their behaviour. This finding can be linked to **all three objectives** of the study in the sense that it gives an insight into SMEs' current sustainability behaviour (unwillingness to engage in corporate sustainability), highlights government regulations as a factor that would affect their corporate sustainability behaviour, and is one of the proposed recommendations for improving their corporate sustainability behaviour i.e. the provision of corporate sustainability regulations for SMEs.

The notion that SMEs believe corporate sustainability regulations will benefit them is interesting to note as it is in sharp contrast to the government's own approach to corporate sustainability in SMEs. Instead of a regulatory approach, the government has opted for a non-regulatory approach, rather encouraging voluntary compliance by SMEs. It is suggested that SME-specific sustainability regulations implemented across the entirety of SMEs with efforts made to ensure compliance would prove more effective.

7.2.2.3 Stakeholders are significant catalysts for SMEs' corporate sustainability behaviour

It was found that stakeholders' ability to influence and their attitude to the organisation's corporate sustainability initiatives served as catalysts for SMEs' corporate sustainability behaviour. In particular, government, customers and consumers and SME owner/managers were found to be most significant. Of all three stakeholder groups, it is believed that SME owner/manager is in a position to wield the most influence as he/she controls the organisation's decision making and their personal opinions and perceptions drive the direction of the organisation.

This finding relates to all three objectives of the study. ***Objective one***: some stakeholder groups were identified as being one of the drivers of SMEs' current sustainability behaviour (management and sustainability regulations i.e. government); ***objective two***: stakeholders were identified as one of the key factors that would affect SMEs' corporate sustainability behaviour; and ***objective three***: stakeholders formed part of the theoretical framework derived from the study and the need for them to take positive corporate sustainability action which would in turn positively impact SMEs' corporate sustainability behaviour was put as one of the recommendations.

7.2.2.4 Despite a good understanding of corporate sustainability SMEs are still unwilling to engage in corporate sustainability

This links to ***objective one*** of the study as it highlights what SMEs' current state of mind is about corporate sustainability and also gives an indication of their current behaviour towards it, i.e. unwillingness to engage. Findings from this study indicate that not only do

SMEs' have a good understanding of corporate sustainability, they are also very aware of its value to their organisations. Yet in spite of this, they are still unwilling to commit to running their businesses in line with corporate sustainability principles. More interestingly, a number of them have sustainability policies in place to guide different aspects of corporate sustainability that affect their businesses such as purchasing, staff welfare or printing but still insist on a nonchalant attitude to corporate sustainability in its entirety.

7.2.2.5 SMEs face significant challenges for corporate sustainability

A wide range of issues affecting SMEs' corporate sustainability behaviour were identified in the course of this research. Once again, this finding aligns with *objective one* of the study as it highlights the issues that SMEs face with operationalizing corporate sustainability behaviour, which in turn affects *how* they behave. It can also be linked to *objective three* as making efforts to address some of the issues raised served as recommendations for improving SMEs' corporate sustainability behaviour.

One of the most salient issues highlighted was SMEs' perceptions of themselves as irrelevant and insignificant to the corporate sustainability discourse. This is based on the notion that due to their size they are unable to make any significant impact for corporate sustainability. Also, customer and consumer indifference to corporate sustainability as a whole posed a problem as well as incongruent sustainability goals between them and their supply chain partners.

7.3　Gaps addressed

This section details how this study has contributed to addressing the gaps highlighted in section 1.5 of the Introduction chapter and section 2.8 of the Literature Review chapter respectively.

7.3.1　Limited inclusion of SMEs in corporate sustainability literature

Several studies have highlighted the continuous focus on large and multinational companies in the business and management literature on corporate sustainability to the exclusion of SMEs (Battisti & Perry 2011; Hall, Daneke & Lenox 2010; Hillary 2000). This study has contributed to addressing that gap by adding this piece of work which focuses exclusively on small and medium sized enterprises to extant literature on corporate sustainability.

7.3.2　More focus on environmental sustainability largely neglecting social sustainability

Majority of sustainability studies have been focused on the environmental aspects of sustainability with little or no mention of its social aspects (Gadenne, Kennedy & McKeiver 2009; Hillary 2000; Hsu & Cheng 2012; Revell & Blackburn 2007; Tilley 1999a). This study has contributed to addressing this gap by adopting a more holistic view to its research on SMEs corporate sustainability behaviour considering both the environmental and social aspects of sustainability.

7.3.3 Paucity of research addressing SMEs corporate sustainability issues

A lot has been written about the issues SMEs face with corporate sustainability and their disinclination towards it but little has been done in extant research to deal with these issues (Gadenne, Kennedy & McKeiver 2009; Park & Ghauri 2015; Revell & Blackburn 2007; Tilley 1999b). In examining the factors affecting UK manufacturing SMEs' corporate sustainability behaviour, this study not only explores the issues that they have with corporate sustainability but contributes to addressing them by proposing feasible solutions that can be implemented to alleviate some of these issues as detailed in the Recommendations section in Chapter six. In addition, this study further contributes by tailoring the corporate sustainability recommendations proposed to the SME context.

7.3.4 Limited scope of factors affecting SMEs' corporate sustainability behaviour identified in extant literature

A number of studies have examined factors affecting SMEs corporate sustainability behaviour, focusing on specific aspects and resulting in a limited number of factors being identified and therefore a limited view of this part of SMEs (Aragón-Correa et al. 2008; Larrán Jorge et al. 2015; Williamson, Lynch-Wood & Ramsay 2006). In particular, stakeholder influence has been a prominent recurring factor identified in extant research (Gadenne, Kennedy & McKeiver 2009; Meath, Linnenluecke & Griffiths 2016; Sen & Cowley 2013). This study contributes to addressing this gap by adopting a broad based approach to identifying the factors affecting UK manufacturing SMEs' corporate sustainability behaviour

and identifying not just stakeholder influence but a number of other factors as well. Additionally, the research is conducted in the context of manufacturing SME which is an area that has received limited attention in extant research.

7.3.5 Attempts to bridge the gap between SMEs' awareness of corporate sustainability value and actions taken have been limited

Extant literature has highlighted the disparity between SMEs' appreciation of the value to be derived from corporate sustainability and the actions they take. As has been reported, the actions taken by SMEs are incongruent with the level of value appreciation (Johnson & Schaltegger 2015; Revell, Stokes & Chen 2010; Tilley 1999a; Williamson, Lynch-Wood & Ramsay 2006). However, efforts to bridge this gap have been few (Williams & Schaefer 2013; Witjes, Vermeulen & Cramer 2016). By developing a framework for examining the factor affecting UK manufacturing SMEs' corporate sustainability behaviour and proffering recommendations for encouraging their corporate sustainability behaviour, this study contributes to addressing this gap.

7.4 Contributions of the Study

This section provides details of this study's contributions to knowledge, theory and practice.

7.4.1 Contributions to Knowledge

- This study contributes to the body of literature by developing a framework of factors affecting UK manufacturing SMEs' corporate sustainability behaviour.

- Empirically this study can help to bridge the gap between UK manufacturing SMEs' recognition of the value of corporate sustainability and the actions they take to run their businesses.

- By examining the factors that affect UK manufacturing SMEs' corporate sustainability behaviour, this study makes a contribution to addressing the issues SMEs' face with corporate sustainability.

- The study adopts a more holistic view to the subject of corporate sustainability in SMEs by exploring not only the environmental aspects but the social aspects as well.

7.4.2   Contributions to Theory

- Following the process of theory elaboration (Voss et al., 2002; Ketokivi and Choi, 2014), this study extends the Responsible Environmental Behaviour (REB) theory (Hines et al., 1987) by including new constructs and incorporating the Stakeholder Theory (Freeman, 1984) to provide a more robust theoretical lens better suited to exploring the factors affecting corporate sustainability behaviour in this particular context i.e. UK manufacturing SMEs.

- Refining the Responsible Environmental Behaviour (REB) theory (Hines, Hungerford & Tomera 1987) as described above and applying it to the UK manufacturing SME context also extends the REB theory from an individual level theory to the organisational level, making it suitable for use in other organisational contexts.

- The theoretical underpinning utilised in this research also inadvertently extends the use of the Stakeholder theory (Freeman 1984) by its use in combination with the REB theory to explore the factors affecting UK manufacturing SMEs' corporate sustainability behaviour.

7.4.3 Contributions to Practice

- The findings from this study should have implications for government and other stakeholders and enable them to develop more appropriate policies for encouraging positive corporate sustainability behaviour in UK SMEs.

- The theoretical framework developed from this research serves as a basis for taking steps to make SMEs more aware of sustainability issues, better positioned to build the capacity to tackle such issues, and subsequently take the requisite actions to exhibit positive corporate sustainability behaviour.

- The study has the potential to evolve into a SME sustainability toolkit which would help SMEs assess their current sustainability level and guide them to take necessary steps to achieving full corporate sustainability in their businesses.

- The study adopts UK SMEs' perspectives to making recommendations thereby making SME-specific recommendations for encouraging positive corporate sustainability behaviour in UK SMEs.

- Based on the findings of this study, a clearer picture of the issues and challenges facing SMEs in corporate sustainability matters is painted and would therefore make it easier for the relevant stakeholders to address said issues to the benefit of the SMEs.

7.5 Limitations of the Study and Future Research

This section identifies the research limitations associated with this study and the opportunities that they provide for future research. Even though the research followed a rigorous process and adequately met its aim and objectives, two main limitations have been

identified for the study. They are based on the methodology employed for the study i.e. qualitative and the scope of the study i.e. the manufacturing industry.

7.5.1 Being a qualitative study, care needs to be taken in generalising findings to other contexts

This study was conducted as a qualitative study with a limited number of respondents and focusing on a specific context i.e. UK manufacturing SMEs. Therefore the findings of the study are based specifically on the perspectives of SMEs from the manufacturing sector and may be representative only to that sector. Considering the subjective and interpretive nature of qualitative research and its limited ability to generalise its findings to other contexts, care should be taken in generalising this study's findings to other organisational contexts. Future research could consider replicating this study using a quantitative/survey approach or conducting it as a mixed methods study. Taking this approach may reveal further insights not uncovered in this study.

7.5.2 Limited scope of the study

The study was limited to a small sample size of fifty two SME owner managers in total. It was also based on data collected from small and medium sized enterprises from the UK manufacturing sector. Based on the limited sample size and sector focus, the findings of the study are not representative of the entirety of (UK) SMEs. Executing this study with a much larger sample base would serve to generate more representative findings that could be generalised to a wider range of contexts.

7.6 Other Future research directions

- Future research could build on the findings of this study by applying the theoretical framework developed for examining the factors affecting UK manufacturing SMEs' corporate sustainability behaviour to other organisational contexts and thereby test its applicability to those contexts. Other contexts could be SMEs in specific manufacturing industries, a different industry or even large or multinational companies.

- A broad range of factors affecting UK manufacturing SMEs' corporate sustainability behaviour have been identified in the course of this research: future research could therefore focus on an in-depth exploration of each of the main factors identified in other organisational contexts to gain a better understanding of each of these factors and how they apply in different organisational contexts.

- It would be beneficial for future research to investigate how and if the factors affecting SMEs' corporate sustainability behaviour differ in the context of micro, small and medium sized organisations.

- Based on a need for sustainability information tailored to the SME context being one of the findings of this study, future research could consider compiling sustainability information relevant for SMEs and using case study research, test how the availability of this information affects the corporate sustainability behaviour of the case companies.

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Appendices

Appendix 1: Conferences & Seminar Presentations

- Oyedepo, G.A.; Duan, Y.; Bentley, Y; He, Q. (2016) *Analysis of Factors Affecting UK Small and Medium Enterprises' Corporate Sustainability Behavior* – 11th European Conference on Innovation and Entrepreneurship, 15th to 16th September, Jyvaskyla, Finland.

- Oyedepo, G.A.; Duan, Y.; Bentley, Y; He, Q. (2016) *Enabling Corporate Sustainability in UK Small and Medium Enterprises – A Responsible Environmental Behavior Perspective*, poster presented at University of Bedfordshire Summer Research Conference, 6th July 2016, University of Bedfordshire UK.

- Oyedepo, G.A.; Duan, Y.; Bentley, Y; He, Q. (2016) *Understanding SMEs' Corporate Sustainability Behaviour - A Responsible Environmental Behaviour Perspective*, paper presented at 61st Annual International Council for Small Business (ICSB) World Conference, 15th - 18th June 2016, New Jersey, USA.

- Oyedepo, G.A.; Duan, Y.; Bentley, Y; He, Q. (2016) *Investigating UK SMEs' Corporate Sustainability Behavior – A Responsible Environmental Behavior Perspective*, paper presented at Business and Management Research Institute (BMRI) BISC research seminar 11th May, 2016, University of Bedfordshire UK

- Oyedepo, G.A.; Duan, Y.; Bentley, Y; He, Q. (2016) *Achieving Sustainability Improvement in UK Small and Medium Enterprises* paper presented at the Winter Post Graduate Research Conference, 28th January 2016, University of Bedfordshire UK.

- Oyedepo, G.A.; Duan, Y.; Bentley, Y; He, Q. (2015) *Assessing the Impact of Key Stakeholders on Improving Sustainability Adoption in UK Small and Medium Enterprises*

paper presented at the Business and Information Systems Research Centre (BISC) PhD Seminar, 16th November 2015, University of Bedfordshire UK.

- Oyedepo, G.A.; Duan, Y.; Bentley, Y; He, Q. (2015) *SMEs and Sustainability: Making it Work* paper presented to the Railway Industry Association's Safety, Standards and Sustainability Group, 18th November 2015, London UK.

- Oyedepo, G.A.; Duan, Y.; Bentley, Y; He, Q. (2015) *Assessing the Impact of Key Stakeholder on Sustainability Adoption in UK Small and Medium Enterprises*, paper presented at British Academy of Management Conference, 8th - 10th September 2015, Portsmouth, UK

- Oyedepo, G.A.; He, Q. (2014) *Assessing the Impact of Information Distortion on Consumer Sustainability Requirements in Sustainable Supply Chains* research poster presented at the University of Bedfordshire Annual Conference, June 2014, University of Bedfordshire UK. - The poster won a "Highly commended" award at the conference

Appendix 2: Cover Letter for Preliminary Study

University of Bedfordshire

Dear Sir/Madam

Interview on the Influence of Key Stakeholders on the Adoption of Sustainability in UK Small and Medium Enterprises

I am a PhD student at the Business and Management Research Institute (BMRI) of the University of Bedfordshire. My research is on the influence of key stakeholders on sustainability adoption   in UK Small and Medium Enterprises (SMEs). Stakeholders include, but are not limited to consumers, employees, government, suppliers, shareholders, business owners etc. As part of the research project, I will be conducting a series of interviews on the above mentioned subject and would be grateful if your organisation would participate in this.

The aim of this study is to help SMEs improve their competitiveness and business performance by understanding the influence of key stakeholders on sustainability adoption and how the business can use this information to its advantage with these and other stakeholders. As a significant part of your industry, your voice is important to help me understand the current practice of SMEs and contribute to develop better knowledge on how to improve the success of small business, like yours. To this end, your general opinions and practices regarding who your key stakeholders are and how they influence your business in terms of adopting sustainability initiatives will be explored.

The interview will last approximately 30-45 minutes. In particular, questions will centre on what kind of sustainability initiatives your business adopts, who your key stakeholders are and how they influence sustainability adoption in your business. All information collected will be treated in the strictest confidence and at the end of the project you will be provided with a report summarising current practice in your industry.

Please advise of a date and time that would be convenient for you. I am happy to meet at your office or any location of your choice, or if you prefer, we can meet at the university premises.

Thank you for your time and cooperation in advance. I look forward to hearing from you soon.

Yours sincerely

Gbemisola Oyedepo

PhD Student

Business and Management Research Institute

University of Bedfordshire

Luton

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Appendix 3: Interview Guide for Preliminary Study

<u>Sustainability</u>

1. What do you understand by the term sustainability (sustainable development, going

   green, People Planet Profit, being socially and environmentally responsible)?

2. Does your business currently engage in any sustainability practices or have plans to?

   If yes, what sustainability activities do you carry out or plan to carry out? (Ethical

   sourcing, using environmentally friendly products or services, cutting down on

   emissions, being aware of the businesses carbon footprint, transportation, car

   sharing, efficient energy, water consumption, recycling).

3. What is the impact on your business of engaging or not engaging in sustainability

   practices?

<u>Stakeholders</u>

1. What do you understand by the term "stakeholder"?

2. Who do you consider to be stakeholders of your business? For example, consumers,

   suppliers, retailers, competitors, government, shareholders, employees, creditors,

   the society at large.

3. Who would you consider to be your key stakeholders or the most important to your

   business?

4. Why do you consider them to be "key" stakeholders? Why are they important to

   your business?

5. Do you consider these stakeholders as being able to influence your business? If so,

   how much of an influence do you consider each one of them to be?

Stakeholders influence on Sustainability Adoption

1. Do these key stakeholders influence the adoption of sustainability in your business? If yes, in what ways and regarding which aspects of sustainability (social, environmental)? If no, why do you think this is?

2. Which stakeholders do you consider to have the most influence or the potential to have the most influence? And why is this?

3. How does the influence from these stakeholders affect the adoption of sustainability in your business?

4. What is the impact on your business of adopting sustainability due to the influence of these stakeholders? Do you think it benefits the business or otherwise? Why?

5. Are there any challenges your business faces with sustainability adoption, particularly where adoption is due to stakeholder influence?

Appendix 4: Cover Letter for Main Study

University of Bedfordshire

Dear Sir/Madam

Interview on the Adoption of Sustainability in UK Small and Medium Enterprises

You are invited to take part in a research project investigating the sustainability practices of UK Small and Medium Enterprises (SMEs).

The aim of this study is to help SMEs identify the sustainability practices they currently engage in as well as ways of improving on them to result in increased competitiveness for their businesses.

The interview will last approximately 30-45 minutes. All information collected will be treated in the strictest confidence and at the end of the project you will be provided with a report summarising current sustainability practice amongst UK SMEs.

Please advise on a date and time that would be convenient for you. I am happy to meet at your office or any location of your choice, or if you prefer, we can meet at the university campus. Alternatively, interviews can be conducted through Skype or any other form that suits you.

Thank you for your time and cooperation in advance. I look forward to hearing from you soon.

Yours sincerely

Gbemisola Oyedepo

PhD Student

Business and Management Research Institute

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Appendix 5: Interview Guide for Main Study

Sustainability

What is your understanding of sustainability?

What kinds of sustainability practices does your business engage in?

What factors influence your current sustainability practices?

What role do you as the owner/manager of this business play in the implementation of your

current sustainability practices?

In your opinion, does sustainability hold any value? Is it valuable in any way?

Environmental

What are your thoughts about protecting the environment?

In what ways do you think your business activities impact the environment?

How do you incorporate environmental considerations into the design of your products and

services and what factors affect this?

How do you think your business benefits from including environmental considerations in its

operations?

What factors influence the environmental activities of your business and how do they do

this?

Social

What ethical policies do you implement in the running of your business?

What socio-economic incentive packages are in place for your staff? Do you provide any

flexible working options for them?

In terms of their working environment, are there any health and safety measures in place

for your staff?

What ethical policies do you have in place regarding your suppliers? E.g. how they treat

their staff, how they source or produce the materials or services you purchase from them.

Does your business engage in any corporate social responsibility (CSR) projects? Do you

think this benefits your business in any way?

What factors affect these CSR activities that your business engages in?

Improvement measures

What are your thoughts on improving the sustainability of your business? Do you think it

would benefit your business?

What measures do you think can be put in place to improve the sustainability adoption of

your business?

What would help you as the owner/manager of your business drive sustainability

improvement in your organisation?

Do you think a simple toolkit aimed at helping to improve business sustainability would be

helpful to your business?

Would you be interested in trying out such a toolkit?

Appendix 6: Themes Generated During the Data Analysis

Table showing the themes generated from analysis as well as number and percentages of responses attributed to each theme

| Themes	Number of responses	Percentage of Responses (%)
Business Model	18	58
Corporate Sustainability Factors	24	77
Corporate Sustainability Factors\Capacity Building	5	16
Capacity Building\Business Case Transparency	12	39
Capacity Building\Knowledge of Action Strategies	16	52
Capacity Building\Knowledge of Issues	20	65
Organisational Attitude\Attitude	24	77
Organisational Attitude\Attitude\Indifferent Attitude	11	35
Organisational Attitude\Attitude\Positive Attitude	18	58
Organisational Attitude\Business Responsibility	28	90
Organisational Attitude\Organisational Locus of Control	17	55
CS Factors\Resource Constraints	14	45
Resource Constraints\Finance Constraints	11	35
Resource Constraints\Time Constraints	10	32
CS Factors\Stakeholders\Stakeholder Attitude	12	39
Stakeholder Attitude\Indifferent	10	32
Stakeholder Attitude\Positive	6	19
Stakeholders\Stakeholder Influence	29	94
Stakeholder Influence\No Influence	17	55
Stakeholder Influence\No Influence\Employees	11	35
Stakeholder Influence\No Influence\Shareholders	4	13
Stakeholder Influence\No Influence\Suppliers	15	48
Stakeholder Influence\No Influence\Supply Chain Partners	3	10
Stakeholder Influence\Positive Influence	1	3
Positive Influence\Brand Improvement	7	23
Positive Influence\Community	4	13
Positive Influence\Customer or Consumer Requirements	26	84
Positive Influence\Employees	12	39
Positive Influence\Government Intervention	18	58
Government Intervention\Government Legislation	14	45
Government Legislation\Ensure Regulation Compliance	6	19
Government Legislation\SME Specific Legislations	5	16
Government Intervention\Government Support Services	16	52
Government Intervention\Highlight Negative Consequences	5	16
Government Intervention\SME Focus	7	23
Government Intervention\SME Specific Recommendations	6	19
Government Intervention\SME Sustainability Reporting	3	10
Stakeholder Influence\Positive Influence\Industry Pressure	8	26
Stakeholder Influence\Positive Influence\Investors	2	6
Stakeholder Influence\Positive Influence\Management	19	61

Themes	Number of responses	Percentage of Responses (%)
Stakeholder Influence\Positive Influence\Suppliers	7	23
Stakeholder Influence\SME Cooperation	3	10
CSB Factors\Benefits of CSB	22	71
CSB Factors\Benefits of CSB\Intangible or Soft Benefits	24	77
CSB Factors\Benefits of CSB\Tangible Benefits	27	87
CSB Factors\CSB Challenges	25	81
CSB Factors\Drivers of CSB	4	13
Drivers of CSB\Competitive Advantage	14	45
Drivers of CSB\Financial Savings	20	65
Drivers of CSB\Management	23	74
Drivers of CSB\Moral Satisfaction	14	45
Drivers of CSB\Sustainability Regulations	21	68
Drivers of CSB\Sustainability Regulations\No	15	48
Drivers of CSB\Sustainability Regulations\Yes	6	19
Current Sustainability Behaviour\Current Sustainability Practices	23	74
Current Sustainability Practices\Environmental	28	90
Current Sustainability Practices\Environmental\Digitisation	17	55
Current Sustainability Practices\Environmental\Energy Use	25	81
Current Sustainability Practices\Environmental\Packaging	6	19
Current Sustainability Practices\Environmental\Paper Use & Printing	21	68
Current Sustainability Practices\Environmental\Recycling	24	77
Current Sustainability Practices\Environmental\Transportation - Carbon Footprint	19	61
Current Sustainability Practices\Environmental\Using Ethical Raw Materials	10	32
Current Sustainability Practices\Environmental\Waste Reduction	11	35
Current Sustainability Practices\Environmental\Water Use	10	32
Current Sustainability Behaviour\Current Sustainability Practices\Social	25	81
Current Sustainability Practices\Social\Community	18	58
Current Sustainability Practices\Social\Sourcing	17	55
Current Sustainability Practices\Social\Staff welfare	15	48
Current Sustainability Practices\Social\Supplier Ethics	17	55
Current Sustainability Behaviour\Sustainability Policy	9	29
Sustainability Policy\Absent	7	23
Sustainability Policy\Present	6	19
Issues with Corporate Sustainability	27	87
Issues with Corporate Sustainability\Absence of regulations	9	29
Issues with Corporate Sustainability\Attitudinal Issues	9	29
Attitudinal Issues\Mindset Orientation	12	39
Attitudinal Issues\Size-Influence Issues	13	42
Attitudinal Issues\Size-Relevance Issues	11	35
Attitudinal Issues\Trust Attribution	7	23
Issues with Corporate Sustainability\Costs	17	55
Issues with Corporate Sustainability\Customer or Consumer Indifference	10	32
Issues with Corporate Sustainability\Green-washing	3	10

Themes	Number of responses	Percentage of Responses (%)
Issues with Corporate Sustainability\Inability to Monitor	3	10
Issues with Corporate Sustainability\Inadequate Government Support	15	48
Issues with Corporate Sustainability\Inadequate Governmental Capacity	5	16
Issues with Corporate Sustainability\Infrastructural Issues	3	10
Issues with Corporate Sustainability\Lack of Awareness	9	29
Issues with Corporate Sustainability\Lack of Resources	4	13
Issues with Corporate Sustainability\Managing Sustainability	17	55
Issues with Corporate Sustainability\Resistance to Change	10	32
Issues with Corporate Sustainability\Short Term Focus	5	16
Issues with Corporate Sustainability\SME Motivation	11	35
Issues with Corporate Sustainability\SME Non-Cooperativeness	3	10
Issues with Corporate Sustainability\SME Structure	7	23
Issues with Corporate Sustainability\Supply Chain Goal Incongruence	5	16
Issues with Corporate Sustainability\The Sustainability Burden	10	32
Issues with Corporate Sustainability\Time Commitment	9	29
Issues with Corporate Sustainability\Traditional Business Model	3	10
Issues with Corporate Sustainability\Unconvincing Business Case	6	19
Issues with Corporate Sustainability\Undisclosed Sustainability Activities	2	6
Key Quotes	23	74
Key Quotes\Advantages of CS	5	16
Key Quotes\Attitude to CS	9	29
Key Quotes\Awareness of CS Significance	1	3
Key Quotes\Change Resistance	2	6
Key Quotes\Inadequate Understanding of Sustainability	6	19
Key Quotes\Insufficient Government Support	5	16
Key Quotes\Key Stakeholder Indifference to CS	4	13
Key Quotes\Key Stakeholder Influence	13	42
Key Quotes\Management's Role	7	23
Key Quotes\Reluctance to Initiate CS	3	10
Key Quotes\SME Context	9	29
Key Quotes\SME Cooperation	1	3
Key Quotes\SME Influence	1	3
Potential Value of Corporate Sustainability	15	48
Situational Factors	22	71
Situational Factors\Business Premises	7	23
Situational Factors\Business Rates	8	26
Situational Factors\Enabling Factors	7	23
Situational Factors\Management's Background	4	13
Situational Factors\Management's Personal Values	15	48
Toolkit	9	29
Toolkit\Toolkit Trial	29	94
Toolkit\Toolkit Trial\No	1	3
Toolkit\Toolkit Trial\Yes	30	97

Themes	Number of responses	Percentage of Responses (%)
Toolkit\Toolkit Value	24	77
Toolkit\Toolkit Value\Indifferent	3	10
Toolkit\Toolkit Value\Positive Value	29	94
Undefined	17	55
Understanding of Sustainability	30	97
Definitions\Carbon Footprint Reduction	7	23
Definitions\Environmental focus	21	68
Definitions\Finite Resources	10	32
Definitions\Future Orientation	16	52
Definitions\Green Concept	8	26
Definitions\Preservation	21	68
Definitions\Resource Efficiency	13	42
Definitions\Societal Focus	7	23
Definitions\Waste Disposal Efficiency	9	29
Understanding of Sustainability\Unawareness of CSP	7	23

Appendix 7: NVIVO Hierarchy Chart of Themes Generated in the Study
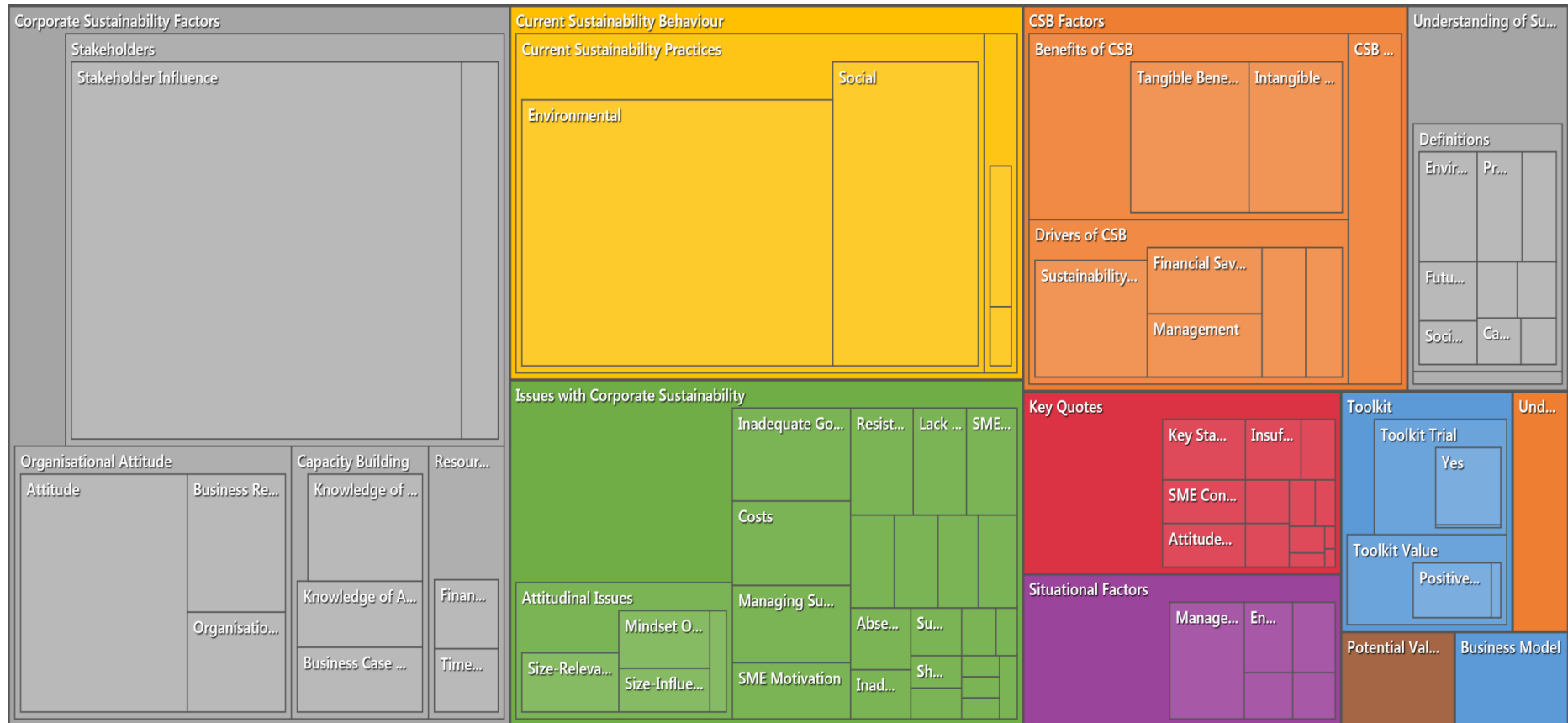
Appendix 8: Inter-Rater Reliability

Sample table illustrating raters' agreement with research themes

Comments / Themes	Business Responsibility	Potential Value of Sustainability	Resource Constraints	Benefits of CSB	Knowledge of Action Strategies
'I think sometimes it's more the effort and the time that goes into the whole changing of how you work is what would make any organisation reluctant as against the cost of things'			✔		
'There's a financial component and there's the social, goodwill component and we benefit immensely from both'				✔	
'We need some guidance on what SMEs need to be doing about sustainability and how we can realistically achieve these things'					✔
'Yes, being environmentally responsible is definitely a big part of it. So for us as a business, it means being mindful of the environment in the processes that we use in our manufacturing, the kinds of raw materials we use and how we dispose of our wastes'	✔				
'Eventually it would improve your brand. Because a lot of brands have gained a lot of popularity from saving the earth and things like that. It would'		✔			

Table showing inter-raters percentage of agreement

Inter-raters	Percentage of Agreement (%)
1	90
2	80
2	90

Appendix 9: Sample Interview Transcript

Q.1: What do you understand by sustainability?

A: My understanding of sustainability is utilising today's resources without impacting the needs of the next generation … in an efficient manner. That's my understanding.

Q.2: That's like the textbook answer. So in real terms, like everyday terms, what would you see it as?

A: I see it as using your, say for example, you're in an office, you have … they give you electricity all the time, but you should try and utilise that as efficiently as possible to suit the task, you see what I mean. And also if you're sort of using paper as well, you know, all these are all sort of resources that contribute to your daily activities but at the same time, these resources are finite. So they would eventually be exhausted. So, what do we do? Where I stand is as an individual or a business is to try and you know, maximise the use of it you know, and minimise wastage.

Q.3: So in your business, do you currently engage in any sustainability practices?

A: Yeah. I would say so, yeah.

Q.4: Like what kinds of things do you do?

A: So for example, where we don't need to print, we send it electronically. Where we don't need to travel for a meeting, we do it by conference call. Where … another example is pretty much, trying to reduce the energy usage. Those are sort of the practices that come to mind straightaway.

Q.5: And, how does this impact your business? Those kinds of practices?

A: Well, in some respects it can be seen as … I'll say the result of it is that it helps reduce costs. But in some respects, it can be seen as a burden as well because you're pretty much trying to micro-manage so to say. You're being conscious of, or you're trying to be conscious … which is hard work really. Thinking about ok how many pages do I need to print when I can just press print and it goes on. So those are the sort of downsides of it. But in summary it is beneficial because I reduce my costs.

Q.6: So do you think the benefits or advantages outweigh the disadvantages business wise?

A: Not really, no. I don't think so. Reason being it sort of costs you more to implement sustainable practices. As a small business, your eye is on cost. So you're looking at making short term gains so to say. So if I want to put in anything that's going to cost me … say I put a new practice in that's going to cost me £5000 pounds, I would rather use that £5000 to improve my bottom line or my top line, to grow my business than to do things in that manner. So that's what I think, for small businesses, the disadvantages outweigh the advantages.

Q.7: How about in the long run? Assuming a small business was willing to make a sacrifice in the short term and look at it long term?

A: In the long run, yes. In the long run, absolutely, it makes business sense. But unfortunately, in this … you know you're being practical. Practicality means that I would prioritise growing my business over sustainable practices really. Ideally, what you would like to do as a business is to embed it into policies and strategy and culture. But obviously, it

takes quite a while to get that going. And the way I see it is, let's just grow the business to start with first.

Q.8: So apart from the extra cost, there's also the time and the management and policy change?

A: Exactly. There's the time factor and the whole change of policy and culture change, absolutely. Also, behavioural change. It is a burden as far as I see it.

Q.9: So let's talk about stakeholders. What do you understand by the term stakeholder?

A: So stakeholders … in what respect? In terms of sustainability?

Q.10: Well, generally, in terms of your business as a whole. Who would you consider to be your stakeholders?

A: Stakeholders would be our clients, suppliers, employees, government. Those are our key stakeholders.

Q.11: So those are your four key stakeholders with respect to the business?

A: Yes.

Q.12: Why would you consider these to be your key stakeholders?

A: Because without them, I would have no business really. That's the way I see it.

Q.13: If we can go through each one of them please? As in why you consider them to be your key stakeholders, why they are important to your business?

A: So for example, suppliers. I need to buy certain products to be able to deliver my service to my clients. So without them, I would not be able to deliver to my clients. Secondly, government. I rely on government legislation and policies to be able to provide a service to clients. And so without those policies or government implementing these things, then I have no business. Next, employees. Well, I can physically do it myself, do so much myself, but ultimately, for you to be able to deliver your service effectively, you need people to help you. So that's why they're key stakeholders for me. And then finally, the clients. They are the ones who pay the bills. So without clients there is no business.

Q.14: So if you were going to rate them from the most important to the least important so to speak, how would you rate them?

A: I think I would rate them … for most important would be government, clients, suppliers then employees.

Q.15: Why would you rate them in that way? Why is government your most important stakeholder?

A: Because without the policies, the clients are not required to do anything, so there's no business basically. Because the line of business is consulting and helping people comply with legislation, so if there's no legislation, there's no business. So that's why government is first. And then the clients, because then they need to comply. Suppliers, I can always, usually you find a way to deliver. If they have to comply, they would provide the means for you to help

deliver to your client. And employees, I can do it by myself, but there's only so much I can do. But then obviously if the business cannot pay its employees then there's no point having them.

Q.16: So who are your most indispensable stakeholders?

A: Indispensable …

Q.17: That you absolutely cannot do without?

A: I can't do without the clients really. That's priority. Apart from myself, the client is absolute priority. So without the clients there is no business.

Q.18: I see you didn't mention yourself or your management as a stakeholder. Why is that?

A: I guess it's because it's a small business. It's three employees. I'm one of the members of the management so I'm assuming I'm part of it, I'm part of that chain, you see what I mean. Maybe I took it from a context of I obviously have to be included because the business is running, do you see what I mean. That's the way I came up with that. Because without the management, there is no business really, so I'm assuming that that has already factored me in.

Q.19: No because, your management team I assume involves your shareholders as well? They are also stakeholders I assume and are expecting some sort of returns from the business?

A: Okay. I see where you're coming from. But because I'm majority shareholder, I've assumed that they don't matter that much because ... That's the way I've looked at that. But yeah, you're absolutely right. Shareholders should be one of the stakeholders. But in my case, they're not really that strong.

Q.20: Do you consider these stakeholders as being able to influence your business, especially your top four stakeholders?

A: Like in what sense?

Q.21: Do you consider as being able to influence your business or the direction of your business?

A: Oh yeah, absolutely, definitely. I see them as being able to. For example the government, obviously can promote sustainable practices, best practice for people to adopt. Clients can have policies in place whereby if they are procuring any service, they can embed some requirements for sustainability in there. Suppliers... not necessarily, because I'm paying them for it, so no, not necessarily. But they can offer new sustainable products and ways of doing business, as long as it's competitive. So that's what they will probably be able to do. And then employees can influence by suggesting new ways of doing things.

Q.22: So who would your most influential stakeholders be in terms of being able to influence how the business is run?

A: The employees … how the business is run.

Q.23: Okay. Let me rephrase my question. In terms of change for instance, decision making in the business, you would say your employees?

A: Yes. The employees and the shareholders. Because the employees are the shareholders. So when I say employees, I also refer to shareholders.

Q.24: So do your key stakeholders, do they impact the adoption of sustainability in any way?

A: Yes, definitely, yes. Because for example, if my employees don't like certain ways of doing business in terms of … or operating, which we believe is sustainable or is deemed sustainable, then we have a problem. Because it's conflicting. So that's one. The other thing would be, if the government are now encouraging sustainable practices or trying to implement legislation on it, then no one's going to do anything. Then for clients … clients would probably, if they're not providing requirements for you to be sustainable before you can get a contract with them, then it's not going to happen. It's business as usual. That's the way I see it.

Q.25: Now, in terms of sustainability, which of your stakeholders do you think would be most influential or would be able to have the most impact? In terms of adopting sustainability or at least moving in that direction in your business?

A: Okay. It would be the management. Hmm … it's a tough one because … it could be ... I'm thinking management or government because … The reason why I say management is because they can adopt best practices that would be suited to the strategy of the business and that would encourage us to be … to work more sustainably. However, if it conflicts again with the top line or bottom line, then that's not going to happen. Now the government I

think are in a better position because they can legislate, they can put out policies for people to adopt, they can sensitise, they can encourage, you know. So that's why I think government in my business would probably be stronger.

Q.26: Do you think any other stakeholder has the potential at least …?

A: The clients. They have the potential because if they decide that they are not going to buy from a non- sustainable business or a business that's not thinking sustainably, then clearly as management, we have to make a decision as to how to start implementing sustainable ways of doing business.

Q.27: Have you ever considered it as a business strategy, as in the fact that your business is green or sustainable as like a branding or brand management type of thing?

A: Not really. No. and the reason is most … I think in our industry or as a small business, the sort of clients that we're dealing with don't really care about you being green, you see what I mean. So, it's not something that we've actually thought about and said yes, we think it will be beneficial, will give us a good reputation, will give us a competitive advantage, no. Because in this current climate, it's all about the most advantageous bid, the cheapest really.

Q.28: So it boils down to cost?

A: Yes, it boils down to cost, you know. So it's not really …

Q.29: So it's nice to have, but not a necessity?

A: Exactly. It's not a priority, no. It's nice to have you know, but not … And these days, of course people chip it in and say oh I'm green. Okay, do you even understand what green means, you know? Are you sure you're green, you know? In some ways, it can even work against you in some respects, because if you're claiming you're green and you're actually not doing anything to prove, to justify that you're green, then it's actually misleading. So it would take more effort to back that statement that you're green.

Q.30: So do you think people would actually look beyond the "greenwashing" so to speak to see, okay are these people really what they say they are?

A: Yeah, I think so. Because people these days like to know more about your business and know the people behind the business as well. And obviously, the way I see it, if you're stating a claim, everyone wants to know if there's substance behind it. So yeah, I think people would be interested because…

Q.31: Especially if you've put yourself out in that light?

A: Exactly, if you've put yourself out. You're opening yourself up for … to be questioned and scrutinized. So they would definitely be interested to know.

Q.32: You have suppliers right? Do you check your suppliers? Whether they're ethical or not?

A: No. We check cost. And efficiency. Who will give us the best price. We haven't reached that stage yet.

Q.33: So cost and efficiency?

A: That's it. Cost and efficiency. Who's going to deliver when I want it and at the cheapest price.

Q.34: So how does the influence of these stakeholders affect the adoption of sustainability in your business? Like your key stakeholders the government or clients?

A: Yeah …

Q.35: I mean would their interest in sustainability inspire you to actually act? Would it influence you to actually act?

A: Yeah. If for example, the government came up and said well, we don't … they can prove to me that if I start … say for example maybe start … adopt a new practice and they can justify the cost savings I would make by adopting it, then yes I would be interested in it. But if I cannot see the pound notes for adopting that practice, it's not going to happen, you know. So that's where I think government can help.

Q.36: Okay. I know your business is based on government regulations towards your clients. Is there any regulation that affects you, affects your business?

A: Well yes. I think it's the typical regulation for … as a small business, as a company. You know, put in your tax returns and all that. That's the only thing really.

Q.37: So nothing sustainability related?

A: No. which is why I think the government can … that's why I think that they are the number one influencer here that can make businesses adopt these practices.

Q.38: And enforce compliance?

A: Exactly. And enforce. Because you know everyone, or most businesses of course like to comply with the law … they need to. I think that's the word. But they need to comply with any laws, you see what I mean. So it government can come up with a law that helps businesses to be sustainable without it having a massive burden on operations, then yes, why not.

Q.39: But supposing it does have … what if sustainability is going to affect your bottom line negatively, at least in the short term. In the long term, you will begin to see some returns. So supposing it was something that was being enforced and it would cost you, there's no getting away from that, how would that work for you as you really wouldn't have a choice?

A: No, I wouldn't really have a choice obviously. I would have to cushion my cost or pass it on to my clients. That's what I would have to do, somehow. But if it's going to pay for itself in the long run, then I should quickly recover that cost and then stop passing it to the client. But in reality, it doesn't work that way because the issue I see with it is because sustainability is a very wide topic and there are so many measures that you can out in place to be sustainable. However some of these measures will not give you the financial return that you require. It may give you the, should I say, the moral returns, you know, but financially it may not do that. Which contradicts what sustainability is about, isn't it?

Q.40: That's why it's more of a long term thing …

A: So I think what government needs to do there is to be clear about what works and have it be tested and proven and have it as a list of measures that has worked for X business, for Y business, this is how it's worked. People can then be encouraged to implement it. But if you come up with a legislation and tell me to do something that you know I'm not going to get a financial return or you don't even know what the outcome is going to be, all you know is that it's going to reduce X amount of resources and that's it, but it's not going to impact me in any way financially, then I won't want to do it. You see what I mean. So that's where I think government can help. And obviously I believe government have put out some policies for maybe bigger businesses you know, in terms of reporting their emissions or carbon footprint and all that stuff because they know that they are the ones that probably have the capacity and are able to reduce a lot from their operations. Because they are the ones contributing the most.

Q.41: Funny enough, they are not.

A: Well, as individuals, as an entity …

Q.42: As an entity, yes but small businesses collectively, they do contribute more. But individually, no.

A: Compared to them, as an entity… Exactly, collectively, small businesses contribute more. But it's easier to implement as an entity. That's the issue. Because of course if you put two businesses together, put three businesses together, nothing's going to happen. Because you

are then going to have to start looking at the level of control and financial implications, stakes, equity, it gets complex. So that's what I believe anyway. That's my personal opinion.

Q.43: So where you have adopted sustainability, due to the influence of your stakeholders, do you think it benefits your business or not?

A: It's difficult to say … Yeah I think it does anyway, definitely because … It's just that it hasn't been monitored or measured. Because for example, where we would have easily driven two hours or three hours to see a client, a phone call does the same task, does the same job perfectly. So you've saved on effort, time, fuel costs, maintenance of your vehicle, so yeah, definitely it has worked.

Q.44: So it has benefited?

A: Yeah, it's benefitting, yes.

Q.45: Does the business face any challenges with adopting sustainability? Especially where it's due to stakeholder influence?

A: Challenges, yes. So some of the challenges are what to implement to start with. You know, what do you even start with? How do you evaluate what's effective? How do you look at the impact it will have on your business? Yeah, those are the challenges. Trying to know what to do to start with, that's the first thing. Because obviously, people have different understandings of what sustainability is for you to get everyone singing from the same hymn sheet is quite challenging. Because what for me I may consider sustainable, may not necessarily mean sustainability to the next person. So it's trying to harmonise that.

Coming up with a list of what we think is sustainable. Those are the challenges really. And obviously the time to sit down to come up with that list is not available really. Because we don't even see the benefit of doing it really so …

Q.46: So do you think if there was more awareness of at least the little things that actually impact businesses, that are real to them so to speak, if there was more awareness of that, do you think it would be more attractive or at least make more sense?

A: Yeah, absolutely. If it was clear and transparent …

Q.47: Vis-à-vis the benefits of course?

A: Exactly. Then yes, it would be more attractive. Because it's like … let me see, what example can I use now … Say you … everyone knows the benefit of changing your phone, your mobile phone from a standard phone to a smart phone. So everyone is going to be looking for a smart phone because they know what they do with a smart phone. But this is usually not clear. So if government, if there were initiatives to showcase what impact X measure has had on certain businesses or you know case studies, or not even case studies because you then have to go and read those case studies. I think more like real life scenarios, you know where you have maybe a pilot site. A pilot building that you've done X amount, that you can see the result straightaway, that sort of thing.

Q.48: Funny enough there's actually a site called NetRegs that government has put up with all sorts of initiatives especially for small businesses on how to implement sustainability. Is this something you're aware of?

A: No. To start with, people have to actually know of these things. And there's also the time to go through it.

Q.49: So what would make sense to you really as a business in terms of communicating with you on those sorts of initiatives?

A: I guess if … pretty much, maybe you know, it's difficult to say really. If maybe for example, of course it may not be practical, but you have a product that government knows works for small businesses, they give it to people to trial and see the results you get you know, that sort of thing. But the practicalities of doing that is another question.

Q.50: How about the council? Does the council play any part in this?

A: Council? The council are struggling to be sustainable themselves. So how are they going to help small businesses?

Q.51: There are supposedly all sorts of initiatives by the council to help small businesses grow and they have all sorts of events and things that they say that they're doing. So do you think that would be a suitable vehicle to reach small businesses?

A: No I don't think so. I think it's all propaganda and it ends up being, it ends up having no impact or little impact compared to the scale of what you can actually achieve. Because you see or hear we have a talk on sustainability, come to our workshop, you sit down, listen to it, okay take some hand-outs, put some posters up, what next? It's done. So they tick their box, they've done it. It's now left for you to …

Q.52: So in real terms nothing actually has been achieved?

A: Absolutely. In real terms, nothing has actually been achieved, you see what I mean. So obviously it's like you're just pouring money down the drain. Because obviously these are government funded initiatives.

Q.53: So there's that lack of trust in the first place?

A: There's that lack of trust, exactly. And I think what my business would want to see is someone actually coming here to tell me what to do, to sort of give me guidance. And also make sure that when you're telling me what to do, you're relating that to cost, to savings. I want to see how much of my money I get back and when. That's when I'll be interested, but if you just say oh it's good for the earth and you know it's good for our children's children …

Q.54: Okay, supposing the person was able to relate it to your business, as in specifically to your business and then hopefully to the cost part as well? That would be …

A: Then that would be encouraging, yeah, absolutely. Because then I'd be able to build a strong business case for spending X amount on the initiative.

Q.55: So basically for small businesses you think that there needs to be like an outreach?

A: Yes. There needs to be some sort of outreach that is clear and it shows them where their money is going to end up. That's definitely required.

Q.56: And that's something that would be government driven?

A: I'm not sure government will be …

Q.57: No, I mean ideally

A: But ideally they should encourage it by funding or raising funds for it. Yeah, ideally.

Q.58: Because really, your clients won't do that. So obviously the only person so to speak who has the capacity to do that would be government.

A: Exactly, yeah. I mean they can use the association of small businesses, I don't know if that's what they're called. They can use that channel to get to businesses. But obviously they need funds to be able to do anything. So still the buck stops with the government.

Q.59: Are you a member of that association?

A: No I'm not. No. but I believe every small business is indirectly. Because they are meant to represent all small businesses anyway. Our lobbyists. So yeah.

Q.60: Thank you very much for your time today, you've been very helpful.

A: You are very welcome.