

# A Study on Sustainability Approaches in the SME's Industry

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**Abstract:** *The purpose of this paper is to investigate the means by which small and medium-sized businesses (SMEs) can be meaningfully engaged in strategies that enhance their businesses' social and environmental sustainability. Abstract and Figures Design, approach, and methodology This paper provides a conceptual analysis of the business case for sustainable development that has been presented to the business community. We use arguments from the literature to summarize the business case for sustainable development that has been specified for SMEs and describe the unique characteristics of SMEs that indicate the need to reframe the case for socially and environmentally sustainable business practices for SMEs. Findings The business case for SMEs is different from that of large corporations, so sustainable development business strategies require special attention.*

*Additionally, the fact that small and medium-sized businesses (SMEs) have unique resources and profiles must be taken into account when developing tools to support sustainability. Limitations of the research and repercussions The idea of sustainable development encompasses the majority of the problems that our societies face. As a result, businesses have an endless supply of options for devising strategies that will have an effect on – and hopefully improve – their social and environmental performance. Although this paper does not provide any empirical support or evidence, it does provide some insights into the social and practical repercussions of SME sustainability efforts. Practical implications Owners and managers of SMEs may benefit from this overview's suggestions for rethinking their overall business strategy by incorporating sustainability into their core values and actions and putting that strategy into action. In point of fact, this diversity of opportunities is where there is hope for reversing the current global trend toward human and natural communities that are healthy and resilient. Originality and value This paper examines the current debates and opportunities surrounding sustainable business strategies and applies them to the realities of SMEs' business operations.*

**Keywords:** Sustainable development, management strategy, small and medium-sized businesses

## I. INTRODUCTION

Business researchers examining and addressing concerns about business as usual have adopted the terms sustainability and sustainable development as an overarching concept meant to describe and include a wide range of practices. In this paper, we use the dominant definition that was established in 1987 by the World Commission on Environment and Development (WCED) to define sustainability and sustainable development: "Sustainable development means meeting the needs of the present without compromising the ability of future generations to meet their own needs." Although this definition has been criticized (Littig and Greißler, 2005;) as being ambiguous, naive, and lacking sufficient attention to the social aspect of sustainability (McCright and Clark, 2006), it is still the definition that is used the most frequently. According to Etzion (2007), the literature on business sustainable development has interpreted the WCED definition to include three elements: social fairness, environmental responsibility, and financial viability. (2008) Pelozo According to this definition, businesses involved in sustainability must look for strategies that simultaneously generate economic value and incorporate concerns for the human communities in which they operate and the ecosystems in which they have an impact.

## **II. LITERATURE REVIEW**

Our literature review includes studies that look at the impact on society or the environment, or sometimes both. Depending on the focus of the research, this body of literature uses terms like "green company" or "corporate social responsibility" to talk about or describe sustainable practices. Small and medium-sized businesses (SMEs) are one group of players that will have a significant impact on the future of business and the planet. In point of fact, these organizations play a significant role in the global economy. However, small and medium-sized enterprises (SMEs) have largely been overlooked when discussing the role of business in addressing sustainable development. Labonne (2006) compared the environmental assessment tools utilized by large and small businesses. He discovered that small businesses were significantly less likely to investigate their environmental impact, primarily due to the financial constraints and costs associated with tools designed for large businesses with substantial resources.

The business case for large firms and outcomes from sustainable development Communities recognized that businesses had a role in protecting or polluting their natural environment as companies started pushing responsibility for waste elimination onto communities that did not have the political clout to push them away. Small firms, on the other hand, were more likely to engage in pre-emptive sustainability strategies. as a response to the numerous accusations. However, active debate and research over the past few decades have moved the role of business into a more practical position. Many authors now come to the conclusion that sustainability practices are beneficial to both society and businesses themselves in terms of economic performance. Businesses are realizing that recognizing that all risks and opportunities are rooted in social and environmental issues is part of an economically successful business strategy.

Stakeholder concept and theory (Jawahar and Mclaughlin, 2001)

Stakeholder theory and its conceptual framework generated various streams of research in strategic management theoretical work. Implementing a successful business strategy for sustainability necessitates an examination of the numerous stakeholders involved in a particular business. It's hard to find profitable customers who care about social or environmental issues. In order for green services and products to be profitable, businesses must go beyond simply identifying a target market. A person's decision to purchase a sustainable product is more complicated than simply classifying customers according to their demographic and psychographic membership (Reinhardt, 1998; Peattie, 2001). Research (Hoffman, 2005) shows that attracting employees who adhere to a company's values and are perceived as engaging in ethical behavior is well-supported. Organizations with great CSR or sustainable advancement execution frequently find they can draw in and retain higher quality workers (Albinger and Freeman, 2000)

Elements of SMEs and outlining the case for maintainable development

The contrasts among SMEs and bigger firms arise generally from impacts caused by resource contrasts in incomes, financial plans, and number of workers. According to a European Union survey of over 7,000 European SMEs, the more frequently a company reported engaging in external socially responsible activities, the greater the company's social and environmental performance (Luetkenhorst, 2004). Aragon-Correa and Others (2008) take note of the fact that other studies (Aragon-Correa, 1998; 2003, Buysse and Verbeke; 1997, Russo and Fouts; (Swaram, 2000) However, size "is not a deterministic condition for developing the most proactive environmental strategies," according to Aragon-Correa et al. (2008), p. 98. To put it another way, an SME's contribution to sustainable development is not solely determined by its size. Several important internal and external characteristics may set SMEs apart from public companies in terms of their social and environmental actions.

Ownership structure.

The values of the owners are what ultimately drive the organization. According to the findings of a number of authors (Graafland et al., ), the company is more likely to place a high value on sustainable development if individual owners of small businesses place a high value on sustainable development. Joyner et al., 2003 2002; According to Luetkenhorst (2004), SMEs may be more agile and able to quickly implement changes because of their small size, which results in shorter lines of communication between top managers, shareholders, and employees. ,2008; Graafland and others, 2003). Dansko, a footwear company that focuses on products for women, is an illustration of this. Business culture Small businesses may also have a less formal business culture and structure (Fassin, 2008- B Corporation, 2009).

The two co-founders of the company are able to quickly implement new sustainability practices by combining their values with ownership by more than half of its 146 employees. Jenkins, 2004), which indicates that efforts to establish effective sustainable development practices may not have the usual entry points found in larger businesses (such as audits or strategy tools). Even those small and medium-sized businesses (SMEs) that do use formal strategy tools to create a strategic plan rarely put those plans into action (Earl, 2006; 2007 (Meers and Robertson). These findings may be the result of a variety of factors, including a lack of funds or time to implement such practices. Sustainable development is frequently misunderstood as being outside of core operations, and small and medium-sized enterprises (SMEs) may be reluctant to devote valuable time to addressing issues that are not directly related to business.

#### Organizational and capital structures

According to studies (Jones and Tilley, 2003, p. 17), SMEs are less likely to have "sophisticated divisionalised structures." This means that they may lack managerial resources and functional specialists, which could result in poor management or opportunities that aren't used to their full potential. Despite the fact that smaller businesses should not be considered a barrier to adopting sustainable development practices, it is clear that strategies for sustainability should be considered on a case-by-case basis and should not be assumed to scale down to meet the requirements of small and medium-sized businesses. On the other hand, smaller budgets may be less complex and involve fewer people in budgetary decisions, despite the fact that SMEs may have less room in their budgets or staff capacity. Aragon-Correa and Others SMEs are likely to have simpler capital structures than larger businesses, which may mean that internal financial resources are more easily accessible. The knowledge, values, skills, and experiences of employees have a significant impact on the performance of SMEs, particularly in terms of social and environmental performance. This type of financial profile may enable SMEs to more quickly adapt to new opportunities. Enderle (2004) emphasizes that the forces that drive global commerce are nothing more than the sum of many people's contributions. Enderle (2004) reminds us that groups are made up of individuals, and these individuals together determine a company's behavior. While the literature on business and management is replete with discussions of the impact of "groupthink" on business decisions (Janis, 1982), Enderle reminds us that groups are made up of individuals.

#### The importance of external personal relationships and social capital

The majority of businesses rely to some extent on the quality of personal relationships with customers and business partners, but this is even more important for small and medium-sized enterprises (SMEs). SMEs frequently rely on their personal network of relationships and reputation as dependable businesspeople in their market and community to win customers because they lack a larger budget to attract potential customers (Jenkins, 2006; Niehm and others, 2007; Perrini and others, Further, small and medium-sized enterprises (SMEs), particularly those that are older and run by families, can benefit greatly from business networks (Halila, 2007; Aragon-Correa et al., 2007). 2008; 2004 Enderle). According to Halila (2007), networks can provide SMEs with significant expertise or resources, allowing them to take risks or implement practices they might not have considered otherwise. He also suggests that networks can provide the necessary social and intellectual support for putting new strategies or activities into action, provide SMEs with a forum for discussing novel concepts, and assist SMEs in overcoming isolation. The absence of a business network was cited by Hillary (2004) as a barrier to the successful implementation of ISO 14001, which is a standard tool for putting environmental management systems into place.

#### Relationships with governments

The influence of governments on SMEs' behavior seems to vary by jurisdiction. Networks should be a key component of sustainability strategies for SMEs. According to Jenkins (2006), some studies conducted in the United Kingdom have demonstrated that SME behavior is not significantly influenced by government regulations, benchmark practices, or interest group pressure. According to research conducted in Spain by Aragon-Correa et al. (2008), government regulations may encourage improved CSR. SMEs in the Netherlands, on the other hand, said in a survey about environmental practices that they would be more responsive to public opinion and the desire to meet the needs of their host communities than they would be to government regulations.

#### Visibility

Another important difference between privately held SMEs and larger, publicly traded companies is how the media and public opinion are portrayed. Since small and medium-sized businesses (SMEs) are significantly less visible than large corporations or multinational corporations, they are less likely to be the focus of the cycle of shifts in public opinion and media manias. Due to their smaller market impact (many SMEs operate in only one market; Jenkins, 2006) and the public's different expectations of SMEs than of large corporations, SMEs may have very different relationships with the public.

The benefits of sustainable development business practices—whether they are financial, moral, or a combination of the two—will come at various levels and frequently at different points in time. For SMEs, the impact of reputation or brand image regarding sustainability may not be as significant. As organizations select their systems for economical turn of events, they should keep in mind that while some benefits absolutely may come temporarily, others may take longer. The benefits that may accrue to businesses that make a concerted effort to determine the most effective strategies for their own businesses are discussed in the following discussion. Stakeholders (customers, business partners, employees, and shareholders) and business practices (production, marketing, management strategy, and financial performance) will reap the greatest benefits. However, we are also aware of the potential business risks and challenges that small and medium-sized businesses (SMEs) face as a result of participating in sustainable development.

### III. CONCLUSION

The main takeaway from this review is that small and medium-sized businesses (SMEs) do indeed require particular attention when it comes to sustainable development business strategies due to the fact that the business case is not quite the same as that of larger businesses. Additionally, the fact that small and medium-sized businesses (SMEs) have unique resources and profiles must be taken into account when developing tools to support sustainability. Indeed, the diversity of small and medium-sized enterprises (SMEs) reflects the diversity of business concepts worldwide. Even among close competitors, a company's sustainability orientation is likely to differ significantly. Since sustainable development as a concept encompasses the majority of the issues that confront our societies, there are countless opportunities for businesses to develop strategies that will have an effect on their social and environmental performance and, hopefully, improve it. A company's best strategy for sustainability will be one that not only can be incorporated into its overall strategy but also helps the company advance its strategy and identify new opportunities for business growth. In fact, there is hope for changing the current global trajectory toward healthy and resilient human and natural communities in this diversity of opportunities.

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