CRITICAL PRE-IMPLEMENTATION ELEMENTS IN ENGENDERING CHANGE FOR SUSTAINABILITY IN SMES: INSIGHTS FROM SME SUSTAINABILITY LEADERS

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Abstract

Despite the increased awareness surrounding sustainability issues and growing pressure on businesses to adopt sustainable business practices, there is little understanding of management processes and practices necessary for SMEs to implement environmental sustainable (ES) practices. Through qualitative in-depth interviews, this paper draws on the experiences and perspectives from twelve SME sustainability leaders to present answers to the ‘what’ and ‘why’ of critical pre-implementation elements in engendering change for sustainability within the SME context. The research questions examined in this study are: In the views of SME sustainability leaders: what pre-implementation elements are important in setting the foundations of ES success in SMEs; what are the most important elements in the decision to introduce and encourage improved ES practices; and how do SME sustainability leaders plan for ES change in their firms. We also examine how the pre-implementation elements identified in this study, fit with the steps of one of the most well-known sustainability change management frameworks by Dunphy et al (2003). The results show that elements playing a role in setting the foundations for ES success in participating firms include: the SME leader challenging the status quo, gathering of initial information; clarifying the internal know-how about ES, identifying who the ES leader(s) is, and what the associated roles are; creating a theme of environmental sustainability in the firm (what sustainability means to the firm); and the personal mindset of leaders regarding ES. In addition, it was evident from the interview data that apart from providing valuable data regarding what must change and why, the drivers and benefits of ES provide a strong rationale and motivation to the rest of the organisation why sustainability is important to the organisation. Furthermore, it is evident from the interview data that the most used strategic approach to planning by SME sustainability leaders, is a deliberate approach even though the emergent approach to planning has also featured in some SMEs. Furthermore, the CEOs are the main players in the strategic process, with the majority involving staff in planning for ES. The results also indicate that in matching the pre-implementation elements to Dunphy et al’s (2003) sustainability change management steps, the execution of two of their steps may need adjustment to be fully applicable to SMEs. Several practical implications for other SMEs are outlined. In conclusion, the framework outlined in this paper provides an example of a critically reflective approach to a specific phase of the environmental sustainability puzzle in SMEs.
Introduction

Sustainability is defined as ‘development that meets the needs of the present without compromising the ability of the future generation to meet their own needs’ (UN 2008). Integral to this definition is environmental sustainability (ES), economic sustainability and social sustainability. Even though the main focus of this paper is on the environmental dimension, integral to this focus is the argument that ES is best achieved when integrated with the other two components. This is in line with the work by Elkington (2001) and Kiuchi and Shireman (2001), in that sustainability is seen as sustainable profits acquired through well planned, socially and environmentally sensitive practices.

Despite the fact that at least eighty percent of all global enterprises are considered SMEs (OECD 2002), SMEs account for at least 70% of the world’s production (O’Laoire 1996), SMEs’ importance to national economies, SMEs contribute more than a third of all pollution, the topic of managing change for ES is still very much unexplored. Compared to research in large organisations, research on SME sustainability is underdeveloped, limited, fragmented (Fenwick 2007). Furthermore, SMEs differ from their large counterparts in regard to innovation and organisational change processes (Bos-Brouwers 2009). Some of the reasons identified in the literature are the low degree of formalisation, lack of public visibility and low general reporting priorities of SMEs (Bos-Brouwers 2009). In addition, SMEs do not necessarily have the funds to employ ES managers, often do not fully understand ES, and are still in the very early stages of adopting and planning for ES (AIM 2008).

It seems that despite the increased awareness surrounding ES issues and growing pressure on SMEs to adopt ES practices, there is little understanding of the management processes and practices necessary for SMEs to successfully implement ES change initiatives. Guidelines specific to the needs of SMEs are needed since policies as well as theories and instruments suited for large companies do not necessarily lead to successful outcomes within an SME environment (Bos-Brouwers 2009).

These observations lead to the conclusion that there is a gap in the literature on managing change for ES within SMEs. To close this gap, the research objective of this paper is to gain a greater insight in critical pre-implementation elements that are important in engendering change for ES in SMEs. Here, we draw on the experiences and perspectives from sustainability leaders to present answers to the ‘what’ and ‘why’ of critical pre-implementation elements. This leads to the following research questions:

- In the views of SME sustainability leaders, what pre-implementation elements are important in setting the foundations of success for ES success in SMEs?
- From the perspectives of SME sustainability leaders, what are the most important elements in the decision to introduce and encourage improved ES change practices and initiatives?
- How do SME sustainability leaders plan for ES change in their firms?
- How do the pre-implementation elements identified through the analysis of the above research questions fit with Dunphy et al’s (2003) steps for sustainability?
The remainder of the paper is organised as follows. First, a brief literature review on the concept of change for ES within SMEs is presented. Second, the methodology is presented in the next section. The third section analyses the results of the project after which the results are discussed. Finally, the practical implications for other SMEs are outlined and conclusions are drawn.

**Brief Literature Review**

In this paper we support the argument that ES is an innovative and potentially transformational force that generates new products and processes that challenge existing practice (Bos-Brouwers 2009; Blum-Kusterer and Hussain, 2001). By drawing on the work of Bos-Brouwers (2009); Von Weizsäcker et al. (1970), Biondi and Iraldo (2002), Alakeson and Sherwin (2004) on sustainable innovation, we argue that sustainable change is defined as changes in which the renewal or improvement of products, services, technological or organisational processes not only delivers an improved economical performance, but also an enhanced environmental and social performance, both in the short and long term. However in contrast with sustainable innovations which are usually radical or transformational by nature (Rycroft and Kash 2000), ES change could be radical or incremental (Wiesner, Chadee and Best 2010). Furthermore, what sets ES change apart from other organisational changes is that it integrates economic, social and environmental aspects.

Similar to internal organisational change improvements, some of the motivations behind the corporate sustainability concept include environmental performance, stakeholder expectations, reduction in costs, profitability, enhanced reputation benefits and competitive advantage (Daily and Walker, 2000; Van Marrewijk and Werre, 2002; Dunphy et al., 2003). In arguing the business case for sustainability, several authors have since written on sustainable strategy (Elkington, 1997; Orsato, 2006; Crowe and Brennan, 2007; Fowler and Hope, 2007), sustainability reporting (Ball et al., 2000; Campbell, 2003; Gray, 2006; Gouldson and Sullivan, 2007), sustainability rating (Springett, 2003) and engagement of stakeholders (Condon 2004; Freeman and Reed, 1983; Green and Hunton-Clarke, 2003). However only a few studies in SMEs have examined ES change issues within the SME context, for example the issue of sustainability strategic thinking has been examined by Will (2007), sustainability intent by Worthington and Patton (2005), sustainability strategy development by Moore and Manring (2009), sustainability commitment and on-going improvement (Stone a 2006) and sustainability leadership, support communication and involvement (Stone b 2006).

Several authors have outlined sustainability models (Kolk and Mauser 2002), degrees or phases of sustainability (Dobers and Wolff, 2000; Jordan and Fortin, 2002; Keijzers (2002, 2005), however these models are general models not specifically tailored to SMEs. A further reference that deserves citing in this connection is the work of Dunphy et al. (2003) who describe eleven steps of transformational change, including (1) Knowing where your understanding of sustainability is at now; (2) Developing a holistic vision for sustainability; (3) Identifying gaps and key indicators; (4) Assessing readiness for transformative change; (5) Setting the scene for change; (6) Securing basic change and compliance first; (7) Moving beyond basic change to more advanced change; (8) Establishing the monitoring and evaluation of performance criteria; (9) Launching
and managing the ‘Transformative Change’ System; (10) Maintaining and enhancing the momentum of the ‘Change System’; and, (11) Reflecting on change in order to guide further systemic change. In this paper the first six steps seem to be specifically relevant to our research questions since the first six steps have relevance to the pre-implementation of specific sustainable change initiatives. This paper focuses on what critical pre-implementation elements are important in engendering environmental sustainability change in a selected group of SME environmental sustainability leaders, and why.

**Methodology**

Qualitative methodology was employed. Semi-structured and unstructured interview questions were employed in order to understand the complex behaviour of members in the SMEs without limiting the field of inquiry (Fontana and Frey, 1994). Regarding the latter, care was taken to avoid leading questions; probe beyond the expected answers; explore inconsistencies; and record participants’ own words. In line with Spradley’s (1979) approach ‘grand tour’ questions were asked in the early stages of the interviews, which offered interviewees the opportunity to answer in ways that are comfortable and with content relevant to the interviewee, not the researcher. Two members of the research team conducted all interviews ensuring commonality across interviews while encouraging the respondents to expand on points they viewed as important. Interviews were voice recorded with consent of interviewees, transcribed by one of the interviewers and both interviewers asked questions and were involved in data analysis and discussions on data analysis. Apart from the interview data, secondary materials regarding sustainability issues in these firms have also been collected.

Four main ‘grand tour’ questions were explored in the interviews, of which one relates specifically to this paper: ‘In your view, what were some critical pre-implementation elements important to the effective implementation of environmental sustainability change in your firm?’

Dunphy et al’s (2003) change management steps to sustainability has been chosen to provide a context of linking the elements identified in this study, owing to these authors’ view that sustainability has a symbolic rather than a purely scientific role, providing a context for analysing appropriate strategies to adopt the implementation of environmental change initiatives. They emphasise the analysis of change from both a human and ecological view point. Similar to this study, they focused on case studies but their analysis did not purposely focus on SMEs. By linking the elements identified in this study to their work, we could determine the fit between the identified elements in the SME context and a popular well known framework that was not specifically developed for SMEs.

Purposive sampling (Higginbottom 2004) or critical-case sampling (Lindlof 1995) was employed in selecting the sample for the study since this type of sampling is appropriate when a specific instance is examined, in this case ES change management.

Our study focused on firms recognised as environmental sustainability leaders in the SME sector in Queensland, Australia. Environmental sustainability leaders are described as ‘firms that have taken the lead in reducing the environmental impact of
their activities, usually at levels beyond regulatory compliance, and have achieved recognition as being “green” compared with their competitors’ (Runhaar et al., 2008). We focused on SMEs and as such we could not use the criteria of formal sustainability principles as in the case of large firms (i.e. see Nattrass and Altomare 1995; 2002). A list of SMEs that have won awards or have been publically recognised was compiled through web research and conversations with sustainability professionals. In line with the suggestions by Strauss and Corbin (1990) cases have been selected from different industries, which ensured a diverse sample that can provide many possibilities for comparison, as this enables richer theory development. We identified twelve organisations fitting our research criteria and contacted the CEOs of these firms inviting them to participate in our study. We followed Miles and Huberman (1994) and Patton’s (2001) argument that it is acceptable for qualitative research to rely on small sample sizes when the aim is to study the topic of inquiry in depth and detail. Baum (2000) suggests criteria of 12-20 respondents to achieve maximum variation and understanding. Our sample fits this criterion. The 12 study participants come from a number of industries and constituted CEO’s and other sustainability champions associated with the firms who hold significant leadership roles along with some formal responsibility for their firms' sustainability efforts. All the interviewees were directly responsible for developing, executing and monitoring their firm’s environmental sustainability strategies.

**Sample demographics**

Employing the ANZSIC industry classification, five manufacturing (Winery, Wood Processing Plant, Wastewater Systems Supplier, manufacturer and distributor of environmentally friendly coloured renders, paints, coating systems and a Ginger Manufacturer), two retail trade (Wholesale Nursery, Retail Electrical Goods Store), one financial and insurance services (Chartered Accounting Firm), one accommodation and food services (Backpacker Hostel) and one ‘other’ (Printing Services), as well as two aquaculture businesses were included in this study. In defining a SME, small businesses in this study are constituted by 20 or fewer employees, (applying the Australian Bureau of Statistics definition of small business) and medium-sized businesses ranging from 21-200 employees. Half of the participating firms were small businesses, employing less than 20 employees. All firms have won awards for their sustainability initiatives or have been publically recognised for their efforts.

**Results**

This section reports on the results of the interviews regarding the critical pre-implementation elements that are important in engendering ES change in SMEs. It also links the pre-implementation elements identified to Dunphy et al’s (2003) steps of sustainability change. Interviewees were asked ‘In your view, what were some critical pre-implementation elements important to the effective implementation of environmental sustainability change in your firm?’

Three main themes have been identified in the interviews that specifically relate to this overall question. Firstly, several elements were identified that play a critical role in setting the foundations of ES success in participating firms. Secondly, it was evident from the interview data that apart from providing valuable data regarding what must change and why, the drivers of ES and benefits of ES provided a strong rationale and motivation for the rest of the organisation as to why ES is important to
the organisation. Thirdly, the importance of a strategic orientation to ES was evident from the interview data.

Table 1 summarises the main themes, sub-themes, summary of the interview results, the link between Dunphy et al’s (2003) steps in sustainability change and selected examples illustrating the themes.

Discussion

**Critical elements in setting the foundations for ES success**

Research question 1 explores the elements that are important in setting the foundation of success for ES in the firms of SME sustainability leaders. The actual moment of ES change seems to have begun the moment the CEO heard a ‘wake-up’ call and recognised that there is a reason for ES change. At this very early stage of change, it is important to identify and understand what ‘wake-up’ calls exist, what they mean and what is being done with them by those in positions to initiate ES change. Within the context of this study, and in view of the interview data, the first element playing a role in setting the foundations of success in participating firms is ‘challenging the status quo’ by the SME leader. Challenging the status quo and creating a ‘readiness for change’ have been emphasised by several authors (Kouzes & Posner 1995; Kotter 1995; Tichy & Devanna 1990) and within the context of this paper this sub-theme aligns with Dunphy et al’s (2003), step 1, knowing where your understanding of sustainability is at.

The second element entails gathering initial information about where the firm is at in terms of compliance issues and also measuring and gathering initial information about what the firm has been doing in terms of ES and what the current reactions of staff and other stakeholders are in terms of environmental sustainability. This theme aligns with Dunphy et al’s (2003), step 3, identifying gaps and key indicators and step 6, securing basic ES change and compliance first.

The third element is clarifying the internal know-how about ES change, identifying who the ES leader(s) is and what the associated roles are. It was evident from the interview data that in all the participating firms, successful ES change works best where there is one or more individuals who specifically take on the responsibility for ES in the firm. Leadership for ES change entails designing; and leading the ES change in the firm, ‘fighting for the good cause’, publicising the organisation’s commitment to ES, encouraging staff to participate, having sufficient authority to be effective, and having the ‘visibility’ and personal qualities necessary to elicit support from staff (Stone 2006). Ideally, ES leader(s) require process thinking, design and facilitative change skills (Stone 2006). Unlike large organisations, SMEs do not necessarily have the resources to appoint a qualified sustainability manager and often need to rely on expertise in the firm. However, it is evident from the interview data that someone needs to specifically take on the management responsibility of ES—whether it is internal or a combination of both internal and external. Who are the ES leaders in the participating SME firms in this study? The owner or CEO took on the role as sustainability leader in almost all firms. However, a mix of people in this role was also evident in four firms.
Table 1: Themes, sub-themes identified in the interviews, summary of results, the link between interview themes and Dunphy et al’s steps and selected examples.

<table>
<thead>
<tr>
<th>Themes and sub-themes</th>
<th>Results</th>
<th>Dunphy et al’s steps (2003)</th>
<th>Selected Examples</th>
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<tr>
<td><strong>Theme 1: Elements playing a role in setting the foundations of success</strong></td>
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<td>Sub-theme 1.1: Challenging the status quo (making the decision to change)</td>
<td>Four of the SME leaders challenged the status quo by acknowledging a new market could be created. Six firms challenged the status quo by acknowledging the need to make changes if they want to make a difference. The other two firms did this by changing the way things are managed and changing attitudes.</td>
<td>(1) Knowing where your understanding of sustainability is at now</td>
<td>‘We identified that there was a market for that product and we also believed that we could do it better’ (Aquaculture Business).</td>
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<td>Sub-theme 1.2: Gathering initial information</td>
<td>All firms indicated the need to measure and gather initial information about current legal compliance issues and whether the firm is compliant with relevant government regulations.</td>
<td>(3) Identifying gaps and key indicators; (6) Securing basic change and compliance first.</td>
<td>‘First we needed to be compliant in terms of relevant government regulations before further embarking on our journey’ (Electrical Retail Store).</td>
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<td>Sub-theme 1.3: Clarifying the internal know-how about ES change, identifying who the ES leader(s) is and what the associated roles are</td>
<td>In all the participating firms, successful ES change indicated ES works best where there are one or more individuals who specifically take on the responsibility for ES in the firm. The owner or CEO took on the role as sustainability leader in almost all firms. A mix of people in this role was evident in four firms. Two firms delegated this responsibility completely to a specific staff member: one firm has a specific sustainability role, even though the owner is also very much involved, and in another firm the role resides in multiple individuals—the owner, staff member(s) in the firm acting in this capacity and an external consultant.</td>
<td>(4) Assessing readiness for transformative change</td>
<td>‘You need a dedicated person to drive it, but team involvement assists with changing behaviour, etc. and get buy in’ (Chartered Accounting Firm). ‘The idea of the Eco-champion was to be a conduit between myself and the staff allowing brainstorming and communication bottom–up and top–down’ (Electrical Retail Store).</td>
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<td>Sub-theme 1.4: Sources ES leaders used in finding information and staying abreast of new development in the ES area</td>
<td>ES leaders indicated a range of sources, including: their own experience, information that ecoBiz provides, magazines and journals (i.e. Financial Review and Harvard Business Review), books, discussing it and talking to others inside and outside the firm, industry associations (regular meetings and an annual conference), through business travelling, email, the</td>
<td>(3) Identifying gaps and key indicators</td>
<td>‘I am constantly on the internet looking for good information on sustainability’ (Aquaculture Business).</td>
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The internet seems to be the most popular source of information with all interview participants indicating that they use this medium to obtain information and stay abreast of new information.

**Sub-theme 1.5: Meaning of environmental sustainability to the firm**

The main themes regarding meanings of ES evident from the interviews were: sustainability, more with less, organic supply chain, better business practices, a value, triple bottom line, good corporate citizen, little impact, if you need it use, if you don’t turn it off, improve recovery, and environmentally friendly, eco friendly and environmental aware.

*From the context of business development I think I come from the perspective of quality assurance from people like Deming & Durrant, & then from a work psychology perspective Abraham Maslow. We don’t have to reinvent the wheel for sustainability, we take an organic view or a more holistic view of business so those traditional ideas are very useful and they lead us to a great body of work on land manufacturing or land supply chains. I don’t use those words I call it my organic supply chain* (Developer, manufacturer and distributor of environmentally friendly coloured renders, paints and coating systems).

**Sub-theme 1.6: The leader’s (or leaders’) personal mindset regarding ES changes**

Three managers have indicated that ‘business objectives’ is the main personal driver in pursuing sustainability. Two have indicated their passion for the environment as their main motivation. Six managers indicated that both business and their passion for the environment are the main drivers.

*I think everyone is motivated by something whether it is money, position or whatever it is, so for me it is that I wanted to leave a legacy* (Electrical Retail Store).
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<th>Theme 2: Most important elements in the decision to introduce and encourage improved environmental sustainability practices</th>
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<td>Sub-theme 2.1: drivers of ES</td>
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<td>Financial drivers such as cost minimisation and improving their bottom-line were identified as one of the main themes in the interviews (8 managers). The majority of managers (8 managers) have also identified marketing and green image as a driver. Other dominant drivers identified by the participating firms were: the desire to make a difference and do the right thing (6 managers), corporate social responsibility including, business opportunity (5 managers), support from government (4 managers), desire to do things better (3 managers), minimising environmental impact (2 managers), environmental regulation (2 managers), supply chain reasons (1 manager) and stakeholders (1 manager).</td>
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<td>Sub-theme 2.2: Benefits of ES change</td>
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<td>Two main themes regarding benefits of ES initiatives were identified, including: economic sustainability and social sustainability (human resources and community). Seven sub-themes of economic sustainability were identified, including increased profitability, cost savings, competitive advantage, breaking into international markets, creating a business opportunity, branding and marketing. Five sub-themes were identified regarding social sustainability, including learning, fun, making staff more conscious of ES, pride of staff.</td>
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<th>(3) Identifying gaps and key indicators</th>
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‘It became evident to us that if you could have a poor recovery (the amount of material we could sell derived from the amount of material we could buy). If you could recover more, then your unit costs would go down & you could be more competitive. You would also use less of your resource meaning processing less resource to make more’ (Wood Manufacturer).

‘Profile, brand enhancement, increased business all have come from it. We can justify all our initiatives on a commercial basis as well as an environmental basis’ (Printing Services).
Theme 3: Planning for sustainability change

| Theme 3.1 Approach to planning (deliberate vs. Emergent) | Eight of the twelve participants mainly used a deliberate approach to planning. Three participants employed an emergent approach. Two firms employed a combination of both approaches. | (2) Developing a holistic vision for sustainability | ‘I tend to write a huge business plan and we go back to it. We then take a small plan and update it quarterly and review results, including monthly and weekly meetings’ (Developer, manufacturer and distributor of environmentally friendly coloured renders, paints and coating systems).
‘It’s quite informal, but we almost advertise it—it has crept into our ‘about us’. I think with small business it’s easier to get on with it’ (Chartered Accounting Firm). |

| Theme 3.2 Participants in planning | The CEOs are the main players in the strategic process (all firms), with the majority (seven firms) involving staff in planning for ES. A very low participation of external players was found, with only one firm indicating external involvement in planning through a consultant. | (2) Developing a holistic vision for sustainability | ‘The eco-champion, and my managers, so there are probably about 7 or 8 of us. We have weekly management meetings. Our consultant has links with the eco-champion inside our business and myself and we have developed the SERB guide (Sustainable Electrical Retailers Induction Business)’ (Electrical Retail Store).
The production staff have a monthly meeting Production Improvement Monthly Meeting, which they run, keep their own minutes, contribute to planning activities, make their own goals regarding safety, efficiency & environmentally friendly actions’ (Printing Service). |

| Theme 3.3 Establishing a vision, mission or value statement for environmental sustainability | With the exception of three participating firms, the majority of participating firms have a written vision and/or mission statement and/or statement of values. | (2) Developing a holistic vision for sustainability | |
Two firms delegate this responsibility completely to a specific staff member: one firm has a specific sustainability role, even though the owner is also very much involved, and in another firm the role resides in multiple individuals—the owner, staff member(s) in the firm acting in this capacity and an external consultant. The interviewees do not necessarily have a background in environmental issues. However, the ES leaders in the participating firms seem to be individuals with a big-picture understanding of the systemic and ES system dynamics; individuals with an ES change mindset, an interest in the area; and a willingness to constantly learn about ES issues. This element aligns with Dunphy et al's (2003), step 4, assessing readiness for transformative change.

The fourth element is consistently staying abreast of new developments in sustainability since it was clear that ES leaders in the study continuously seek to learn and source information about ES. A range of sources are employed, including drawing on their own experience, information that ecoBiz provides, magazines and journals (i.e. *Financial Review* and *Harvard Business Review*), books, discussing it and talking to others inside and outside the firm, industry associations (regular meetings and an annual conference), through business travelling, email, the internet, international internet news groups, social networking sites such as ‘Linkedin’. The internet seems to be the most popular source of information with all interview participants indicating that they use this medium to obtain information and stay abreast of new information. This element links with Dunphy et al’s (2003) step 3, identifying gaps and key indicators.

The fifth element is clarifying what environmental sustainability mean to the firm. The meaning participating firms attach to the term ‘sustainability’ has played a major role in their firms, both strategically by including it in their strategy, and also in terms of providing a ES change focus of motivating staff. The main themes regarding meanings of ES evident from the interviews were: sustainability, more with less, organic supply chain, better business practices, a value, triple bottom line, good corporate citizen, little impact, if you need it use, if you don't turn it off, improve recovery, and environmentally friendly, eco friendly and environmental aware. Having clarity about what term regarding environmental sustainability resonates with the people in the firm seems to be very important in the sense that it provides a phrase that could focus ES change initiatives from early on and throughout the process of ES change. This element links with Dunphy et al’s (2003) step 5, setting the scene for change.

The sixth element, is the leader’s (or leaders') personal mindset regarding sustainability. How SME managers think about organisational change will impact on their actions taken during the introduction and implementation of the proposed ES change. Milliken and Lant (1991) argue that their attitudes act as a filter in the reinterpretation of real events, and add novel aspects to the decision to initiative change initiatives. Owing to the discretion that managers enjoy in their decision making, their attitudes become decisive in explaining organisational change (Adner & Helfat 2003). It was evident from the case studies that for leaders to lead ES-change successfully, they require a mindset that the ES-changes will lead to desired outcomes/benefits. A belief that ES-change has positive benefits either in terms of environmental, economic and/or social sustainability seemed to have brought a
personal commitment to initiating and implementing specific ES-changes in their organisations.

In terms of the study participants’ personal motivations for embarking on environmental sustainability, there seems to be a balance between passion for the environment and the achievement of business objectives. However, the business case for sustainability as a primary personal motivator, seems to outweigh their emotional commitment to ES slightly in participant firms. This element links with Dunphy et al’s (2003) step 5, setting the scene for change.

**Critical elements in the decision to introduce and encourage improved environmental sustainability practices**

Research question 2 explores the most important elements of why SME ES leaders have introduced and encouraged improved environmental sustainability practices. Research shows that economic drivers and benefits provide a strong basis for the business case for sustainability (Tinsley & Pillai 2006). It was evident from the interview data that apart from providing valuable data regarding what must change and why, the drivers of ES and benefits of ES provided a strong rationale and motivation to the rest of the organisation why ES is important to the organisation. Managers were asked what the main important elements were in the decision to introduce and encourage improved environmental sustainability practices. Although other drivers have also played a role (see table 1), financial drivers such as cost minimisation and improving their bottom-line were identified as one of the main themes in the interviews. These findings align with the work of Van Marrewijk and Werre (2002), Dunphy et al. (2003). Together with the drivers for ES, benefits derived from ES initiatives also feed into the business case for ES. Two main themes regarding benefits of ES initiatives were identified, including: economic sustainability and social sustainability (human resources and community).

**Planning for sustainability change**

Research question 3 explores how SME ES leaders plan for environmental sustainability. Within the SME context, the strategic approaches that early adopters of environmental sustainability have employed are an unexplored area of research. The dominant view in the literature of the strategy process is one of a planned, deliberate and rational set of actions (see Andrews 1980). However another view of strategy formulation has dominated the SME literature – the emergent approach to planning. The fundamental difference between deliberate and emergent strategy is that the former focuses on direction and control and getting desired things done while the latter is based on the notion of strategic learning and adaptive behaviour. Mintzberg 1990, cited in Hutter (2005: 1) argues that emergent strategy means, literally, ‘unintended order’. It is evident from the interview data that the most used strategic approach to planning by sustainability leaders is a deliberate approach. Three participants employ an emergent approach and two firms employ a combination of both approaches.

It is also clear from the interview data that the CEOs are the main players in the strategic process (all firms), with the majority (seven firms) involving staff in planning for ES. The results are indicative of a trend in SMEs overall and in small and medium enterprises respectively, to mainly involve people in the strategic process who are within the boundaries of the organisation. The owner/CEO features as the
main player in the strategic process, with some involvement of senior managers and staff in the firm. This scenario is in line with a deliberate approach to strategy-making (Wiesner 2009). A very low participation of external players was found, with only one firm indicating external involvement in planning through a consultant.

Another key feature of the deliberate approach to strategy-making is the production of a vision statement and/or mission statement and/or statement of values (Barnes 2002). Together with a written plan, such statements could form the foundation for the structuring of an in-depth set of objectives for all functional areas of the business (Mintzberg 1994 in Barnes 2002). Our results indicate that, with the exception of three participating firms, the majority of participating firms have a written vision and/or mission statement and/or statement of values. It therefore appears that SME ES leaders do plan strategically in the sense of having written vision and mission statements supported by business level objectives.

The strategic awareness as a specific capability is significant to the shaping of the strategic posture of the organisation (Beaver 2004). The strategic awareness capability of the SME manager is imperative to the growth and business success of the SME because the strategic awareness of the SME manager underlies the rational actions and choices of SME managers (Beaver 2004). Do SME ES leaders in this study have a strategic awareness regarding ES? Our results indicate a strategic awareness of participant firms, showing that they view a strategic plan as important to ES change in their firms. This strategic awareness is commensurate with the deliberate approach to ES strategy-making.

The link between the pre-implementation elements with Dunphy et al’s (2003) steps for sustainability
There is a large body of literature concerning the differences between large companies and SMEs regarding their capacity to innovate and change (Tether, 1998). However, the results reported in these studies are inconclusive and dependent on the measurement and interpretation of innovative and change capabilities. Most of the studies on SME innovativeness and change conclude that SMEs can keep up with larger organisations in the field of innovation and change and show no difference in the quality and significance of the innovations produced (Van Dijk et al., 1997). However, what is not clear is whether SMEs innovate and change differently from large companies (Bos-Brouwers 2009).

Our results show that, despite the difference in resource, knowledge and labour capacity between large firms and SMEs, the pre-implementation elements identified in this study fit with Dunphy et al’s (2003), first six steps of managing sustainability change (see Table 1). However, in view of our findings, the execution of two steps in Dunphy et al’s (2003) framework may need adjustment to be fully applicable in to SMEs. Firstly, although sub-theme1.3, ‘clarifying the internal know-how about ES change, identifying who the ES leader(s) is and what the associated roles are’ (see table 1), fits with Dunphy et al’s (2003) step 4, ‘assessing readiness for transformative change’, leadership for sustainability in SMEs is vested in either the owner or a few individuals, where large firms often have an entire sustainability department. Another difference between the elements outlined in this paper and Dunphy et al’s (2003)’ steps, is that the latter form the structure of a constructivist approach to transformative change where each step informs the next and provides the grounding for successful
progression through the transformative change process (Duggen et al. 2009), whereas the elements identified in our study are not necessarily distinct and unique in nature and there is not necessarily a linear progression from each stage to the next. Therefore the elements outlined in our findings, do not represent the same constructivist approach to transformative change and did not follow a sequential process. Furthermore there could be an overlap of elements in the pre-implementation of stage. In addition, Dunphy et al. talks about ‘transformational change’. In contrast (even though the types of change employed in participant change falls outside the scope of this study), SME innovations and change are most often incremental or a combination between incremental and radical change (Wiesner 2010; Bhasrakan, 2006).

Secondly, Dunphy et al. talks about ‘developing a holistic vision for sustainability’ in step 2. Even though our theme 3.1, ‘approach to planning’, fits with their step 2, planning for ES in SMEs is different to that in large firms. In large firms ES planning is deliberate whereas our findings indicate that SMEs are characterised by both emergent and deliberate approaches to ES planning.

Practical implications for other SMEs
Since our study is based upon SMEs that have already achieved considerable success in achieving ES, table 2 summarises some practical implications for other SMEs in terms of pre-implementation strategies that could engender environmental sustainability change.

<table>
<thead>
<tr>
<th>Themes and sub-themes</th>
<th>Practical implications</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Theme 1: Elements playing a role in setting the foundations of success</strong></td>
<td></td>
</tr>
<tr>
<td>Sub-theme 1.1: Challenging the status quo (making the decision to change)</td>
<td>Determine how the SME leadership will be challenging the status quo.</td>
</tr>
<tr>
<td>Sub-theme 1.2: Gathering initial information</td>
<td>Determine what is known in terms of current legal compliance issues and is the firm compliant with relevant government regulations. Determine who has been doing what and what are the current reactions of staff and other stakeholders in terms of sustainability.</td>
</tr>
<tr>
<td>Sub-theme 1.3: Clarifying the internal know-how about ES change, identifying who the ES leader(s) is and what the associated roles are</td>
<td>Determine what internal know-how there is in the firm regarding ES. Identify the ES champion(s) in the firm. Determine who will be responsible to take on the role(s) of ES champion. Establish and clarify an effective partnership between the ES champion(s) in the firm and top management. Identify information sources of ES in order to stay abreast of new ES developments.</td>
</tr>
<tr>
<td>Sub-theme 1.4: Sources ES leaders use in staying abreast of new development in the ES area</td>
<td>Explore several sources to stay abreast of new development such as contacting relevant government departments that provides support (such as ecoBiz in Queensland), magazines and...</td>
</tr>
<tr>
<td>Sub-theme 1.5: Meaning of environmental sustainability to the firm</td>
<td>Determine what meaning the firm attaches to ES. Determine a ‘theme’ or ‘term’ that could be used both strategically by including it in the strategy but also in terms of providing an ES-change focus of motivating staff.</td>
</tr>
<tr>
<td>Sub-theme 1.6: The leader’s (or leaders’) personal mindset regarding ES changes</td>
<td>Determine the personal mindsets of the main players in ES-change since their mindset will impact upon their actions taken during the introduction and implementation of the proposed change. Create an overall strategy for building leadership’s capacity to lead the ES-change. ES leaders need to model what they are asking of the organisation. Therefore, leaders may need to acknowledge that they themselves need to change individually or collectively. Leaders will benefit from engaging in their own development and learn from others as part of the ES-change. Determine what areas leadership need to develop in successfully managing the ES-change.</td>
</tr>
</tbody>
</table>

**Theme 2: Most important elements in the decision to introduce and encourage improved environmental sustainability practices**

| Sub-theme 2.1: drivers of ES | Develop the business case for sustainability. Determine the drivers for going down the track of ES. Determine what the outcomes of identified drivers are likely to be within the context of the business. Determine how important these drivers are likely to be in implementing future initiatives. |
| Sub-theme 2.2: Benefits of ES change | Identify the benefits that the business could derive from implementing any one or more ES changes and initiatives? Determine what ES changes could be developed in view of the drivers and benefits identified? Consider contacting your government department dealing with sustainability issues (i.e. ecoBiz) and asking them how they could assist your firm with ES the firm’s ES changes. Consider and decide how external support could be integrated to support ES initiatives and changes. |

**Theme 3: Planning for sustainability change**

| Theme 3.1 Approach to planning (deliberate vs. Emergent) | Develop a strategic approach to ES. Contemplate what approach to planning would be suitable to the firm: deliberate, emergent or a |

journals (i.e. Financial Review and Harvard Business Review), books on sustainability, discussing and talking to others inside and outside the firm, industry associations (regular meetings and annual conferences), through business travelling, email, the internet, international internet news groups, social networking sites such as ‘Linkedin’. Searching the internet for relevant information.
Theme 3.2 Participants in planning

Determine who the participants in the planning for ES are and where in the organisation these people would come from. Involving other internal stakeholders in the organisation in the planning process seems to have benefits in terms of staff commitment to the ES vision, a sense of involvement, creating buy-in, involving staff in goals and enhanced communication. Determine the value of engaging an external consultant in the planning process.

Theme 3.3 Establishing a vision, mission or value statement for environmental sustainability

Establish an ES vision, and/or mission and/or statement of values.

**Conclusion**

In our systematic analysis of twelve SME sustainability leaders, a range of pre-implementation elements have emerged: elements relating to setting the foundations of for ES success; elements important in the decision to introduce and encourage improved environmental sustainability practices and the development of a strategic orientation. The framework presented in this paper, in itself, resulted from a learning process and it is not intended to be prescriptive. Rather, it is intended to be used as a basis for critical reflection of ES elements that are critical in the pre-implementation of ES change initiatives.

The issue of organisational context is important in theory development. It therefore seems appropriate to consider it when applying the elements identified in the pre-implementation phase and linking Dunphey et al’s (2003) work to the elements. Owing to the focus on internal elements, it was excluded from the discussion, however it is important because it drives as well as constrains ES change (Stone 2006). Within the SME context key features of the social context are the persistent focus of SMEs on short-term profits as a primary driver and the views of the majority of SMEs that the environment is peripheral to other business activities. Therefore, elements identified in this paper could not work in isolation in overcoming challenges that SMEs face to bring about ES change in their firms. It would be naïve to think that the framework could work in isolation to overcome the enormous challenges that SMEs face in trying to bring about ES changes within this context. However, the framework provided in this paper provides an example of a critically reflective approach to a specific phase of the business sustainability puzzle in SMEs. Since the context of this study is SME ES leaders, the elements identified in this study will need to be developed and tested in other SMEs, so that continuous reflection and learning can occur. Sustainability could only become a reality in the SME context if we keep inventing, testing and discovering new elements and approaches that could be successfully applied in the SME sector.

**References**


