

Strategic Intent in the Management of the Green Environment within SMEs

An Analysis of the UK Screen-printing Sector

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What drives the environmental behaviour of companies is an under-researched and under-developed area of study, particularly in the context of small and medium enterprises (SMEs). This article investigates to what extent the responses by UK screen-printing companies to pressures to improve their environmental performance represented a deliberate attempt by senior managers to provide their organisations with a strategic competitive advantage.

Using both a quantitative and qualitative approach, the research shows that the environmental responses of this sector tended to be reactive, defensive and driven by – and frequently limited to – legislative compliance. Even though companies accepted that there were potential commercial benefits to be gained from environmental action, there was very little evidence to indicate that managerial decisions were motivated by strategic intent or that managerial mindsets were tuned to the notion that a proactive environmental response could offer a competitive edge. The article discusses the management implications of this lack of strategic orientation and highlights how a more innovative response by companies could provide both demand and supply side benefits.

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Introduction

The question of how far companies have a social responsibility to improve their environmental performance, and the relative costs and benefits to the organisation of doing so, has engaged academics and practitioners for more than 30 years.¹ A key strand in this debate has been the idea that complementarity can exist between a company's economic and environmental goals,

a proposition which has found support in political, business and academic circles and which is exemplified by concepts such as 'eco-efficiency', 'ecological modernisation' and 'win-win'.² In essence the argument is that companies that voluntarily embrace environmental good practice can simultaneously improve their business performance, thereby helping to create what has been called the 'double dividend' of environmentally responsible behaviour. Under this view the environment is seen as a critical business concern and an area of managerial activity that can yield significant benefits to the organisation, whether via the adaptation of business behaviour to a changing external context or through the accumulation of resources that promote distinctive organisational competencies.³

While there is empirical evidence to indicate that larger companies are increasingly seeing environmental performance as a strategic issue⁴, our knowledge of the factors shaping the environmental decisions and actions of small and medium enterprises (SMEs) is relatively under-developed. Most studies of small company ecological behaviour have focused on 'how' smaller businesses have responded to pressures to improve their environmental performance, rather than 'why' such responses have occurred and 'what' the consequences might be.⁵ The general picture that emerges from the extant literature is one of positive environmental attitudes but accompanied by relatively limited and compliance-driven behaviour. Little attempt has been made to examine the degree to which SME environmental responses represent a conscious and deliberate intention by managers to utilise environmental performance as a potential source of competitive advantage.⁶

Companies that voluntarily embrace environmental good practice can simultaneously improve their business performance

This gap in our knowledge is surprising when we consider the importance of smaller businesses to a modern economy and their potential contribution to environmental problems. In the UK, for example, SMEs constitute more than 99 per cent of all businesses and account for more than half of the country's economic activities, providing 56 per cent of non-government jobs (excluding financial services) and 52 per cent of turnover.⁷ Some estimates suggest that they may be responsible for as much as 60 to 70 per cent of carbon dioxide emissions and commercial waste.⁸

This paper addresses the knowledge gap by reporting on a study into the motivations that have underpinned recent environmental responses in the UK screen-printing sector. This is a relatively self-contained part of the UK printing industry with an annual turnover in excess of £1bn. The sector is dominated numerically by SMEs and has its own trade association as well as customers in every sector of the economy. Prior research had indicated that screen-printing operations have a discernible effect on the natural environment and that responses by companies in the sector to environmental pressures offered opportunities for commercial gain.⁹

This article focuses not only on what actions have been pursued by SMEs, but also the degree to which these actions can be linked to notions of competitive advantage as conceptualised under the strategic choice model. Under this perspective environmental responses that are specifically undertaken as part of a competitive strategy would be tied to the creation of tangible benefits at the company level or to customer or competitor imperatives.¹⁰ The evidence presented in this study suggests that at present such responses are largely absent and that this reflects a managerial mindset which tends to be reactive, compliance-based and operationally-focused. We discuss possible explanations for this relatively cautious approach and indicate how a more proactive stance might provide a company with opportunities to gain a competitive edge (e.g. through what Porter has termed 'cost leadership', 'differentiation' or 'focus') and help it to reduce the risk of adverse market reactions by anticipating future changes in its external environment (e.g. from increased customer, supplier or legislative demands).

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