



Contents lists available at ScienceDirect

Journal of Cleaner Production

journal homepage: www.elsevier.com/locate/jclepro

Competitiveness and environmental performance in Spanish small and medium enterprises: is there a direct link?☆



Manuel Larrán Jorge, Jesús Herrera Madueño, Domingo Martínez-Martínez*,
María Paula Lechuga Sancho

Finance and Accounting Department, University of Cádiz, Duque de Najera Avenue, Number 8, Cádiz 11002, Spain

ARTICLE INFO

Article history:

Received 1 October 2014

Received in revised form

6 April 2015

Accepted 6 April 2015

Available online 17 April 2015

Keywords:

Environmental performance

Sustainability

Competitiveness

Small and medium-sized enterprises

Relational marketing

Structural equations

ABSTRACT

The increasing social concern about the protection and improvement of the environment has transformed environmental commitment into a new strategic via channel through which to achieve competitiveness in firms. Nevertheless, to date, limited research on this subject has focused on small and medium enterprises. This study addresses this gap by shedding light on the relationship between environmental commitment and business performance as well as their relationship with two other strategic variables: relational marketing and image. From a sample of 481 small and medium firms in Southern Spain and using structural equation modelling, different cause–effect relations were analysed. The results suggest that environmental performance has a positive, direct and significant influence on competitive performance as well as the mediating effects of image and relational marketing. In this regard, this paper offers new empirical evidence of how firms that improve their environmental engagement generate a positive interaction with their stakeholders. An improved environmental performance encourages the appearance of positive reactions for any company's image and its competitiveness. Some of these environmental practices are provided according to their strategic relevance.

© 2015 Elsevier Ltd. All rights reserved.

1. Introduction

Continuing industrial progress and development of the social environment have negatively affected ecological equilibrium, thereby causing a continued deterioration of the environment. This deterioration may be irreversible if an adequate course of action is not taken. Thus, pollution such as emissions, discharges, and noise emissions carry a number of consequences for the environment that must be known and observed to minimise their negative effects (Aragon-Correa et al., 2008). Today, the protection and improvement of the environment is a social concern and a new strategic key factor for corporate competitiveness, the relevance of

which increases apace with the social concern for the environment (Galdeano-Gomez et al., 2008). Recent growing interest in transparency and accountability-related issues is proof of this greater concern for both the overall effect of corporations and the increasing visibility corporations' actions are gaining.

In this new scenario, companies have begun to consider a change in communication (Fernandez-Feijoo et al., 2014) in which publishing information that goes beyond simple financial indicators or productivity evaluations is becoming increasingly necessary. Examples of such additional information include the volume of waste generated, the number of customer complaints received by management, and many other aspects related to the social and environmental context in which companies operate. Additionally, growing academic interest in the analysis of certain environmental, social and economic goals is added to this concern (Gallardo-Vázquez and Sánchez-Hernández, 2014). This greater concern about knowing what effects companies have on the environment goes beyond the legal background (Jones, 1995) in terms of the requirement to comply with regulatory provisions. There is also an increasing awareness of the effects of environmental conflict on corporate image and of customers' purchase of products, goods or services that cause environmental degradation. Along

☆ This research has been developed as part of the project titled "Corporate Social Responsibility, SMEs, Region of Murcia" (ref.: 12003/PHCS/09) funded by the Séneca Foundation, the Regional Agency for Science and Technology, through the call for "Aid for the Completion of Research Projects in Humanities & Social Sciences" Seneca Program 2009.

* Corresponding author. Tel.: +34 956015443.

E-mail addresses: manuel.larran@uca.es (M. Larrán Jorge), jesus.herrera@uca.es (J. Herrera Madueño), domingo.martinez@uca.es (D. Martínez-Martínez), paula.lechuga@uca.es (M.P. Lechuga Sancho).

these lines, numerous and varied studies have indicated that the adoption of sustainable policies contributes to a company obtaining benefits (Porter and Kramer, 2002; Ciliberti et al., 2008), either through a direct effect on financial performance (Fulop et al., 2000; Orliczky et al., 2003.) or through a reputational improvement (Bear et al., 2010; Stanaland et al., 2011).

Given the above-described context, the present paper aims to analyse, from a competitive point of view, the link between environmental and business performance within the scope of SMEs. Because previous evidence in the field of SMEs is plentiful, this paper not only analyses a potential direct effect between variables but also attempts to shed light on the possible existence of mechanisms that contribute to clarifying the causal nexus between these variables (Surroca et al., 2010). To investigate these potential mechanisms and study the direct effect, the paper analyses multiple effects derived from including two variables of great interest in the analysis of organisational competitiveness: image and relational marketing. To fulfil these objectives, the paper first presents a review of some of the most relevant theoretical background information found on the relationship between environmental performance and business performance within the scope of SMEs. Additionally, image and relational marketing are presented as mediating variables. In the following section, the main hypotheses to test are specified. Section three comprises method explanation, discussion of the sample, description of the questionnaire design and the statistical technique followed. Finally, the results are presented, followed by a discussion of the primary findings and conclusions with implications for academics and practitioners.

2. Environmental and firm performance

The relationship between environmental issues and business performance has yielded mixed results. Whereas some studies support the existence of a positive association between the two variables (Aragon-Correa and Rubio-Lopez, 2007; Galdeano-Gomez et al., 2008; Lopez-Gamero et al., 2008), others claim the opposite (Wagner, 2005; Link and Naveh, 2006). Two of the main causes of this lack of consensus are the disparity of variables selected when defining the units of measurement and the environment with respect to performance (Lopez-Gamero et al., 2008).

Galdeano-Gomez et al. (2008), Aragon-Correa et al. (2008) and Lopez-Gamero et al. (2008), among others, concluded in their respective research that any study based on the competitive potential effects of environmental performance should use a resources and capabilities perspective as an optimal theoretical basis. To obtain competitive advantages, firms should be able to acquire and manage valuable, scarce and inimitable resources (Barney, 1991). From this perspective, the internal characteristics of a firm acquire a particular relevance to the development of distinct resources and capabilities that are difficult to imitate and substitute, improving the firm's ability to adapt to a changing environment.

Moreover, considering the existence of other empirical studies that seek to apply the resource-based view to environmental management, the vision based on natural resources and capabilities developed by Hart (1995) could also be used. The natural resource-based view (NRBV) suggests that strategic management of the relationship the company has with the environment overcomes the limits and restrictions interposed by the environment and encourages the development of competitive advantages that affect social and economic outcomes (Chan, 2005). Thus, entities that proactively develop certain environmental practices are more likely to gain competitive advantages because those practices may reduce costs or achieve product and service differentiation (Russo and Fouts, 1997; Aragon-Correa, 1998; Judge and Douglas, 1998; Sharma and Vredenburg, 1998; Lopez-Gamero et al., 2008).

In the particular context of SMEs, the cost-benefit perceptions that managers have in performing social and environmental activities remain crucial. In the specific area of SMEs, the emphasis given at times to the availability of resources has been used to justify lack of commitment to sustainable practices and not implementing certain practices (Gadenne et al., 2009). However, SMEs have been shown to have sufficient distinctive capabilities such that these restrictions do not significantly determine their environmental performance (Chavan, 2005; Aragon-Correa et al., 2008; Revell et al., 2010; Laurinkeviciute and Stasiskiene, 2011). For example, Aragon-Correa et al. (2008) noted that due to how SMEs can manage their reputation, they are better positioned to take advantage of the potential competitive advantages of developing environmental practices. Tomomi (2010) also argued that SMEs perceive that environmental management offers opportunities for their business that are likely to generate competitive advantages.

The literature has supported the idea that development of environmental practices lead to superior business performance. Thus, Russo and Fouts (1997) argued that improvements in environmental behaviours allow for competitive advantages derived from cost reduction, reputation enhancement and increased competitiveness. Based on the theory of resources and capabilities, the authors claimed that an improvement in environmental practices favours the securing of competitive advantages, thus ultimately affecting economic performance. Another study conducted by Chavan in 2005 based on an Australian family-owned company confirmed how the implementation of an environmental management system could be a key tool in obtaining better performance in that area and in business efficiency. Focussing solely on Spanish SMEs, Aragon-Correa et al. (2008) confirmed the existence of a direct and positive relationship between financial performance and environmental strategies concerned with the development of preventive and innovative practices and eco-efficient practices. Laurinkeviciute and Stasiskiene (2011) observed that the implementation and integration of a sustainable management system in three Lithuanian SMEs allowed for obstacles traditionally associated with this type of company concerning sustainable development to be overcome, ensuring continued improvement and thereby contributing to business competitiveness. Thus, in the three case studies, the SMEs' integration allowed for the identification of inefficiencies, the creation of alternatives, and the evaluation and implementation of cost reductions of up to 20%.

Therefore, although there are some restrictions associated with available resources, the presence of a widespread perception concerning the direct and positive contribution made by environmental practices to corporate value is confirmed (Aragon-Correa and Rubio-Lopez, 2007; Galdeano-Gomez et al., 2008; Lopez-Gamero et al., 2008). It is vital that companies consider adopting sustainable practices as a long-term strategy and not only as an immediate cost (Cambra-Fierro and Ruiz-Benitez, 2011). Managers should be able to establish appropriate goals and combine the necessary efforts to meet the requirements of sustainable behaviour, which contributes both to short-term profit and improving competitiveness and business growth in the long term (Moore and Manring, 2009; Revell et al., 2010).

To clarify this positive link based on the NRBV framework, this paper analyses the causal effect between environmental practices developed by SMEs and their effect on competitive performance. Based on the aforementioned perceptions and evidence, the following hypotheses were formulated to test the direct effect between the variables:

H1. The environmental performance of SMEs has a positive effect on competitive performance.

Download English Version:

<https://daneshyari.com/en/article/1744570>

Download Persian Version:

<https://daneshyari.com/article/1744570>

[Daneshyari.com](https://daneshyari.com)