Strategic Intent in the Management of the Green Environment within SMEs

An Analysis of the UK Screen-printing Sector

Ian Worthington and Dean Patton

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. 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’. 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.

While there is empirical evidence to indicate that larger companies are increasingly seeing
environmental performance as a strategic issue, 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. 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.

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. Some estimates suggest that they may
be responsible for as much as 60 to 70 per cent of carbon dioxide emissions and commercial
waste.

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.

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. 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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