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# Preface to Special Issue: Environmental Sustainability and Business

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# **PREFACE TO SPECIAL ISSUE: Environmental Sustainability and Business**

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Environmental sustainability is a critical issue, yet global research suggests that positive changes in business practices that would help achieve this are limited, especially in small and medium enterprises (SMEs). It is clear that although an individual firm's environmental footprint can be small, collectively they contribute substantially to environmental damage globally. The negative environmental impact of business needs to be addressed and the volume of research that provides innovative and practical solutions to drive changes in behaviour and practice does not reflect its significance. This paucity of research perpetuates policy-makers and businesses poor attitude to the issue and allows them to continue to ignore the environmental damage caused by businesses, especially those in SMEs, as SMEs are less visible than their large business counterparts.

Engaging in environmental management is frequently seen as core business for large business but less so for small business (Condon, 2004; Mir and Feitelson, 2007). However, this view is misleading for at least two reasons. First, not all large businesses have a substantial environmental impact while some small businesses do. Second, the collective impact of small and medium enterprises is estimated to be higher than that of large businesses and households (Blackman, 2006; Stokes, Chen, and Revell, 2007; UK Marshall Report, 1998). In Australia, the definition of small, medium and large business is under 20 employees, under 200 employees and 200 or over employees respectively (ABS, 2007). These businesses cover every industry, are led by both male and female owners of every nationality, education and age. To consider their response to environmental sustainability as one group or to look at them in isolation could be detrimental to economic, environmental and social outcomes. For example, tools used in larger firms to manage their environmental impact may not apply or be replicable in smaller firms (Cagliano, Blackmon and Voss, 2001; McKeiver and Gadenne, 2005). Engaging with the small business community to bring about the required change is a significant challenge to policy-makers, as this business cohort is yet to be convinced of the business case to change their environmentally unsustainable behaviour.

For some time the environment has suffered in favour of economic rationalism. However, smart business leaders are beginning to see that sustainable business requires a direct link to be made between economic outcomes and environmental concerns. That is, they are seeing that a more efficient business not only contributes to being an economically successful business, but that sustainability in the 21<sup>st</sup> Century will require environmentally conscious management.

There is however some confusion about the role that business has, and the day-to-day work that needs to be completed, to manage the environment (Redmond and Walker, 2009; Roberts, Lawson and Nicholls, 2006). For example, small business owners have questioned their role and how they are to acquire the resources to play any role in environmental management, without compromising their core business activities.

These issues go to the central challenge of environmental sustainability and business, for most businesses it is simply not core business. Standing on the periphery of the key tasks of business, to survive, grow, compete in a global world and make money for the owners and shareholders, environmental sustainability has yet to reach the psyche of many business leaders. This is a key role for academics and stakeholders, to raise the importance of this issue so that it becomes core business for every business leader.

### **PAPERS IN THE SPECIAL ISSUE**

*The International Journal of Business Studies* publishes the results of significant basic or applied research in the area of international business studies including marketing, management, economics, accounting and finance. In this special edition we explicitly focus on environmental sustainability and business to consider a range of issues that are raised when these two functions in society, that are often perceived as incompatible functions, are brought together. This is a first for this journal and by bringing together papers that discuss a range of business environments and issues to be considered it offers a unique insight into the breadth of discussion occurring in this area. Therefore, we welcome the five papers which make up the special edition. Three of the papers address environmental sustainability within small and medium enterprises – one describing the barriers and drivers for environmental practice uptake in New Zealand SMEs (see Lewis and Cassells), another (see Burgin and Hardiman) looks at the development of eco-accreditation schemes and their potential impact on small tourism and hospitality businesses, and the third paper responds to call for a business case to be made that will encourage owner-managers engagement in environmental management by introducing a new method that provides a link between current research findings, current and potential behaviours of small firms and their owner-managers, and the take-up of ‘green’ production by small firms (Walker, Redmond and Giles). The final two papers in the issue look at specific environmental sustainability issues business in general. The first of these (see Polonsky, Grau and Garma), examines the issues that are important to avoid ‘greenwashing’ the marketing of carbon offsets, while the final paper (see Paravantis) offers an international insight into how schooling in Greece can harness the role modelling of teachers to promote environment-friendly behaviour beyond the classroom.

The first paper (see Lewis and Cassells) reports on the environmental practices of small New Zealand manufacturing businesses and investigates the barriers and drivers to implementation. SMEs have generally lagged behind large businesses in responding to climate change. Although there is some existing literature that describes the barriers and drivers of SME engagement in the environmental agenda (e.g. barriers – the lack of clarity on potential benefits for small business – Luetkenhorst, 2004; the limited resources these businesses have for matters outside core business – Condon, 2004; and the attitudes of owner-managers – Hillary, 2000, Petts *et al.*, 1998; drivers – legislation – Masurel, 2007; Williamson, Lynch-Wood and Ramsay, 2006; and

education – Condon, 2004; Goldney *et al.*, 2007; Redmond and Walker, 2009) this is the first study to describe the situation in New Zealand and provide some insight into the influences on decision making by New Zealand owner-managers. In providing this information the authors have shown that, like other SMEs globally, New Zealand SME owner-managers are struggling to find the resources to undertake the tasks expected of them in this area but they are being driven by customers and local communities more than seems to be the case in other locations. This article makes a positive contribution to the literature in this area and demonstrates that while SMEs are diverse, the impact of social norms may encourage proactive behaviour from their owner-managers even when resources are scarce.

The second paper (see Burgin and Hardiman) cautions against eco-accreditation schemes that are used as ‘greenwashing’ opportunities. It is suggested that these schemes may be more harmful than helpful to SMEs within industries and individually if marketing is not well articulated. While the article takes a global view of eco-accreditation schemes it focuses on implementation in the Australian tourism and hospitality industry. The awareness and influence of eco-accreditation among tourists is discussed as is the growing concern of a lack of natural resources and how it is driving changes in practices to reduce costs. According to the authors, for those small businesses that can articulate the environmental advantages of their eco-management changes, positive benefits are available.

Trying to encourage SME engagement in the environmental agenda is the focus of the third paper by the special edition guest editors (see Walker, Redmond and Giles). The paper offers a new method that may be able to promote adoption of ‘green’ behaviour by small firms. The paper responds to the growing call for a business case to be made, particularly for resource-poor SMEs, to engage in environmental sustainability by outlining a method to determine the ‘tipping point’ for the investment of time and resources by small firms. The tipping point is not offered as a standalone solution but is identified as a component in a group of five initiatives which are integral to encouraging the owner-manager of a small firm to engage in environmental impact management behaviour change.

It has been suggested that if SME owner-managers cannot understand their role or see the business case then progress will not occur. With a growing call for SME engagement in environmental sustainability these three articles offer some positive guidance to policy-makers and stakeholders on how to ensure progress does occur and environmental sustainability is achieved.

The fourth paper in the special edition moves away from the SME sector to raise a concern for businesses of all sizes, the marketing of carbon offsets. The economic value of carbon trading has been a common theme in Australian political circles in recent times, however, the understanding of how the schemes will ultimately work and be used by businesses is still limited. This article (see Polonsky, Grau and Garma) defines and categorises carbon offsets and discusses the way in which these are presented by businesses and assessed by regulators. By identifying some of the concerns inherent in marketing carbon offsets, this paper raises potential issues for consideration by those in businesses that seek to market this product effectively and in a way that will ensure that consumers are able to make effective environmental purchasing decisions.

The final paper (see Paravantis) reflects on the role educational institutions will play in educating future generations about environmental sustainability by surveying 140 teachers in Athens. In particular this research sought to understand the experience of the teachers, their knowledge and views of computers in education and their attitudes toward the environment. Their findings raise the issue about the influence on students due to the environmental attitudes of their school teachers. This aligns with the current debate in the literature regarding whether institutions should be implementing sustainable education into the curriculum when it also has the potential to be misused and unduly influence vulnerable students. This is opposed to the ‘green practices and attitudes’ that educational institutions and their staff could model.

Collectively these papers give a broad insight into some of the issues related to environmental sustainability and business. They suggest a general agreement that there is a role(s) in environmental sustainability for all businesses and the people that work in them and that there are many issues to consider when making changes to embrace sustainable practices. As the roles become better defined and the parameters become clearer between effective and ineffective management of the environment, business leaders may find a competitive advantage by being at the forefront of these changes. For those business owners that wait for legislation to force their hand or for others to lead the way, it is feasible that their businesses will become unsustainable or be left in a state where it will be necessary to incur considerable outlay of resources to catch up.

As a result of editing this special issue we would urge further research to be undertaken that will help business leaders to forge a path for their business and society that will achieve a balance between business growth and development and environmental sustainability. In addition, more work is required to help policy-makers and other stakeholders understand the perspective of business owners and demonstrate how they can best support them. The business sector offers considerable economic and social advantages in the community and their capacity to achieve both business and environmental sustainability should be a concern for everyone.

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