

Abstract

The purpose of this paper is to undertake an initial investigation of corporate social responsibility with a particular emphasis on sustainability in the Australian SME environment. The outcomes of the research provide a platform for a more detailed study on the development of effective eco-teams within small to medium enterprises (SME) that contribute effectively to the improvement of the triple bottom line (TBL). Given that the research is exploratory a qualitative case study has been used. Interviews with eco-team members and data from secondary sources were obtained from an SME that has a reputation for enhanced business performance resulting from the application of corporate social responsible (CSR) and sustainable practices. The findings provide practical insight into the advantages of CSR and sustainable practice to the SME bottom line performance. The research implications are important as it assists in addressing the imbalance in the literature in terms of CSR research between large corporations and SMEs. Given the contributions of SMEs in the wider business picture this segment is unrepresented and warrants greater research. The findings indicate the important role of partnering in creating relationships that successfully address environmental and social issues in this sector. The organisational attributes required to establish CSR is a direct and long term driver of sustainable business performance within an SME are discussed.

Introduction

Corporate social responsibility (CSR) has been evolving, initially to meet environmental compliance, then progressively gaining momentum to encompass issues such as sustainability, employee welfare and social awareness (Jenkins 2004; McAdam & Leonard 2003). This research explores an SME that has developed CSR initiatives to achieve tangible and intangible advantages for the performance of the business. A considerable amount of CSR research has focused on the larger corporations and seems to have neglected the importance and capabilities of the small to medium enterprise (SME). To address this imbalance, this paper will analyse the benefits of investigating SMEs and their contribution to innovation and improvement relative to CSR and sustainable business practices. The working definition of CSR will be outlined from a stakeholder and triple bottom line (TBL) perspective and then to the continual learning concept of Gapp and Fisher's (2008) model of change. Many SMEs, are challenged by being 'pigeon holed' within this perceived less relevant sector of the business world. This relegation overlooks the value of trust that can be found within SMEs and is an important concept when investigating alternatives as well as overcoming barriers that are a resultant (Roberts, Lawson & Nicholls 2006). This paper explores the ongoing journey of a single SME that is proactively applying alternative business strategies based on sustainable business practices and presents the demonstrated CSR actions and behaviours that have resulted from the journey to date. The philosophies of CSR and sustainability in this case study highlight notable areas to demonstrate a strategy that develops a competitive advantage in a cutthroat industry. Motivated by the large amounts of data demonstrating the adverse effects of climate change, this SME has seized the potential to be creative with a long-term collaborative view of business operations. The significant steps this SME has piloted to build positive win/win practices sets an example of sustainable practices and is exemplified in the sharing of their experiences to help the many stakeholders and to go beyond this to even include their competitors.

The organisation: In brief

The Good Guys, (GG), is a major networked electrical supplier in the Australian retail industry, representing over 25% of the market in sales. The Good Guys Capalaba (GGC) is a leader in CSR and sustainable business practice within this group of businesses. The owner-manager of the store, James Brockhurst, has been the principal driver for the groups CSR initiatives. In 2004, GGC started with a state and local government initiative entitled EcoBiz. At this stage, there are 88 Good Guys stores throughout Australia and New Zealand, with each store being owned and operated independently through a joint venture structure. The GG have no central headquarters, however they collectively have a national support centre. The GGC store employs approximately 50 people over a seven-day roster with a mixture of casual and permanent staff. GG are well known for their competitive pricing on electrical goods underpinned by their distinctive commercials and slogan 'Pay Less For Cash'.

James' Capalaba store has initiated many CSR activities that he refers to as their 'sustainability journey' these have been piloted and then implemented within GG stores wishing to participate. These initiatives all have central to their core, information sharing and education of employees in the virtues and benefits of energy and water efficient appliances. This is then effectively linked to gaining government subsidies for machines, training and business planning that assist in significantly reducing waste, and other environmental impacts. This Australian SME located in south east Queensland not only assisted their sister stores in being true to the concept of social responsibility, these participants have also engaged with the wider industry and broader community to assist others in embracing the positive aspects of CSR actions and behaviours. Before expanding on the activities at GGC that form the basis of the case study the following sections of the paper link the existing literature to the organisation context of the business under investigation.

The role of the SME

The starting point for approaching research within CSR is in clarifying the term and its application within the framework of the research and thus this paper. The word corporation is frequently assumed to imply large organisations that due to many variants operate differently from smaller organisations (Jenkins 2004). Drucker's (1993, p. 4), book *Concept of a Corporation* describes a corporation in terms of 'free enterprise', 'privately-owned independently managed', and 'producing for profit goods to be sold on a competitive market' however, Drucker also concedes there are limitations to his characterisation. This description of a corporation makes no mention of size, yet Drucker (1993) bases this approach on a large corporation, General Motors. Including SMEs in the terminology of corporation, is a conundrum with the common perception of corporations being associated with larger organisations that typically have the power to lobby and shape society on important matters such as CSR (Jenkins 2004). Whilst acknowledging the noteworthy differences between larger and smaller organisations, due to the considerable contribution of SMEs to global business, this paper advocates the discretionary interpretation of 'corporation' within the use of CSR relative to SMEs.

One of the many differences between SMEs and larger organisations is broadly viewed as the later being more visible hence more likely to be socially responsible (Udayasankar 2008). CSR commitment is also related to available resources with larger organisations often having more extensive resources (funds, skills, labour force, and flexibility) in contrast to smaller organisations enduring limitations due to restricted or inadequate resources (Udayasankar 2008). In previous case studies of smaller organisations, the common challenges to CSR adoption were identified as 'low stakeholder understanding

and support, low management focus and strategy, and insufficient cost-benefit analysis (Fenwick 2007, p. 632). In the situation of GGC the organisation is in a healthy position with an approximate 14 million dollar turnover for the individual store and a 25% market share as a part of the greater GG network. The significance of SMEs endorsing CSR is substantial with 90% of worldwide businesses categorised as an SME and creating 50-60% of employment (Jenkins 2004). Considering the amount of employment embodied within SMEs, they hold remarkable potential for change and progress through awareness and subsequent educated choices to act and behave socially responsible in the workplace and broader communities.

There is a great deal of literature on the challenges of SMEs (Jamali, Zanhour & Keshishian 2009; Johnston, Gilmore & Carson 2008; Lindgreen & Swaen 2010; Madrid-Guijarro, Garcia & Van Auken 2009; Udayasankar 2008) that cite additional issues of resources, finances, innovation, planning and the individual organisation's specificity. A study of 294 managers of Spanish SMEs, Madrid-Guijarro et al (2009) revealed 15 impediments to innovation that resulted in problems of global competitiveness and financial sustainability. These issues were broken down into internal (within the organisation) and external (outside the organisation). The 3 principle factors that impede innovation in this study were barriers to reveal high costs, control of costs and government support (Madrid-Guijarro, Garcia & Van Auken 2009). These findings further highlight the importance of financial stability for an SME to progress and develop into areas of environmental and social sustainability. Larger organisations, on the other hand are argued to have economical and competitive advantages, due to their innovative strategies, in contrast to SMEs that lack the creative drive and are often dependent on outdated practices and products (Madrid-Guijarro, Garcia & Van Auken 2009). Arguably, from this perspective, the inability of SMEs adopting and creating innovative practices leads to a strong need to develop and support this sector. When such support is present there is substantial potential that this sector offers through their significant presence in business as a whole.

Another perspective is that the lack of bureaucracy and hierarchy in SMEs creates a domain to cultivate and develop new ideas. Blackburn and Kovalainen (2009 p. 136) list 'novel' areas that are prime for researching in the small business sector to include 'social inclusion, ethics, learning, environmental practices and social perspectives'. These advantages of SMEs enable the implementation of creative and innovative ideas as evidenced by the GGC with their water and energy efficiency strategies including many explicit (financial and market share) and implicit (community recognition). Research on CSR practices of SMEs in the UK, uncovered other challenging aspects faced by these organisations including the use of terminologies such as CSR, insufficient data, support, time and planning along with barriers in the supply chain and lastly a 'fear of doing things wrong' (Roberts, Lawson & Nicholls 2006, p.281). Jenkins (2006) acknowledges the challenges of SMEs adopting CSR however, argues the positives such as flexibility, efficacy of communications, less hierarchy and immediacy of benefits. Many of the issues revealed, such as the use of particular terminologies have resolutions. For example, the terminologies utilised within organisations need to be relevant and in the language of the organisation (Murillo & Lozano 2006). The GGC have demonstrated this with the creation of their own CSR language with words that hold meaning for the organisation such as 'sustainability' that interchanges with the term CSR, along with references to 'local heroes' and 'eco-champion'. This attention to the internal language used in SMEs is supported by Murillo and Lozano's (2006) key points for the adoption of CSR that include the raising of CSR awareness in a conducive environment, along with the conveyance of best practice that are all then linked to the organisation's competitive advantage.

SME's have the fundamental concern of survival, thus the financial and operational issues are weighted heavily and Jenkins (2004) suggests that these need to be in control prior to SMEs adopting CSR. Controlling the financial pressures is critical, yet the leanness and flexibility of size acts as a catalyst for SMEs to seize the opportunity to implement CSR actions and behaviours and experience the sustainable benefits of CSR (Jenkins 2006). The advantages of SMEs is justified through flatter management structures that commonly comprise the owner and manager being the same person and therefore holding the control of the organisation resulting in less complexities, hierarchy and a simpler decision-making process (Jenkins 2006). Leveraging the synergy of CSRs and SMEs is advocated as an opportunity with benefits for all stakeholders (Jamali, Zanhour & Keshishian 2009). The research of SMEs in the northwest of England indicated a another problem with the language of CSR due to confusion over words such as 'corporation' and 'responsibility' however, the connection of SMEs to their communities through social, environmental and economic interactions often exhibits CSR practices without the formalisation (Roberts, Lawson & Nicholls 2006). The advantages of championing CSR practices are further confirmed in Jenkins' (2006) qualitative research of 24 UK SMEs. In this research, 'championing' CSR activities within an organisation was a key attribute to the success of establishing and imbedding the concept into the SME (Jenkins 2006). Orlitzky (2001) argues the positive correlation between organisational financial and social performance that Jenkins (2006) confirms with both the tangible and intangible benefits. Although reporting of CSR activities is a significant issue for SMEs, Jenkins' (2006) research reflected the motivation of the participating organisations with benefits including improvement in the organisation's image, employee motivation, cost savings and increased business.

On the global stage, it has already been noted that the importance of SMEs is evident with statistics proving the major contribution of SMEs to business and subsequent employment (Jenkins 2004). The Australian Bureau of Statistics (2002) identifies SMEs as organisations employing more than 5 and less than 200 fulltime employees and report 97% of organisations are categorised as SMEs and account for 49% of employment. Due to their individualistic nature, a unique approach is required for SMEs that is case specific and cannot be fashioned from models used on larger organisations (von Weltzien Hoivik & Melé 2009). The international relevance of CSR is further evidenced as a headline agenda for recent G20 meetings with world leaders discussing its importance on a global level (Kirton 2008) along with the evolution of CSR gaining attention as an important organisational strategy (Lee 2008). Conceptually, the actions and behaviours of CSR qualities are increasing in popularity with larger organisations and in Australia they are supported by the government's voluntary reporting framework of the *Corporate Responsibility Index* (Tuck, Lowe & McRae-Williams 2005). The implementation of CSR behaviours in SMEs is widely argued to be lacking, whilst globally these issues are advocated to hold significant consequences to overall sustainability (Jamali, Zanhour & Keshishian 2009; von Weltzien Hoivik & Melé 2009).

Support for SMEs to increase their awareness of socially responsible behaviours and actions will further result in reduction of the environmental footprint. Nordhaus and Shellenberger (2007 p.113), support the idea that producing less is not the solution, yet producing differently is argued to create value in 'unleashing human power and creating a new economy' as a driver for the future. This maybe viewed as an opportunistic approach but advocates the seeking of creative alternatives that provides fiscal development as well as addressing the ecological crisis (Nordhaus & Shellenberger 2007). The human capital of SMEs combined with the passion to perceive the possibilities and opportunities available through CSR alternatives generates the potential for a competitive advantage and is evidenced by the experiences observed in the GGC. Recent research of CSR has been from a

global perspective and adopted by many large organisations (von Weltzien Hoivik & Melé 2009).

Table 1: Divergence of CSR Theory for Large and Small Organisations compared to GGC

Corporate CSR	SME CSR	GGC
<i>Who</i>		
Responsible to a wide range of stakeholders	Responsible to fewer and/or different stakeholders	Responsible to owner, staff, customers, suppliers, community and other stakeholders
Perceived responsibility to society at large	Perceived responsibility to local community	Perceived responsibility to local community and GG community
Importance of shareholders	SME's often devoid of shareholders	Devoid of shareholders
<i>Why</i>		
Protection of brand, image and reputation	Protection of customer business	Protection of brand, reputation and customer business
Pressure from consumers	Pressure from businesses down the supply chain	Pressure from consumers and supply chain
Shareholder pressure	Pressure from moneylenders	Pressure from government agencies
<i>How</i>		
Based on corporate values	Based on owner-manager principles	Based on owner-manager principles and GG
Formal strategic plan for CSR	Informally planned CSR strategy	Formal and strategic plan for CSR
Emphasis on standards and indices	Emphasis on institution and ad hoc processes	Emphasis on relevant processes
Key involvement for CSR professionals	No dedicated personnel for CSR programmes	Key involvement from CSR professionals
<i>What</i>		
Prominent campaigns	Small scale activities e.g. Sponsorship of local sporting club	Small and large campaigns
Publicity linked to CSR activities	Activities often unrecognised as CSR related	Combination of unrecognised and publicised activities

Adapted from "A Critique of Conventional CSR Theory: An SME Perspective" by H. Jenkins, 2006, *Journal of General Management*, 29(4), p. 51.

As evidenced in Table 1, the assumption that SMEs are homogenous and a 'one size fits all' approach will suffice, is a simplistic notion that disregards the many complexities such as culture, management, size, industry and governance of the SME (Jenkins 2004). Table 1 gives the examples from Jenkins (2006) in comparing the large organisation to a smaller organisation in column 1 and 2. The 3rd column adds GGC's perspective to exhibit analogies with both sectors and displays that the attributes of SMEs are not generic therefore taking a 'one size fits all' approach is a poor fit. For example, in the first line of the table it is evident that GGC has commitment to their internal and external stakeholders through combining the large and small organisation characteristics. This is justified by GGC engagement at multiple levels such as staff, suppliers and international associates in sharing their experiences, networks and learning throughout their CSR journey. With the substantial amount of SMEs worldwide and in particular Australia, this reaffirms the gap and necessity to focus on CSR behaviours in the SME sector where unique approaches are required and specific understanding of the SME culture is necessary.

The CSR concept

The challenges in working collaboratively towards change in organisational management is complex and there is an overwhelming need to tackle the environmental and social issues the world is confronting as evidenced with world leaders gathering for the United Nations Climate Change Conference in December 2009 (COP15 2009). These issues include global warming, the increasing economic divide in communities, and the reduction in the planet's natural resources that are all interdependent issues that can either offer the opportunity to generate positive modifications or the potential for further decline and the increase in climate change (Senge et al. 2008). The cost of no change or increased change in global warming is predicted to have vital affects on the basics of life (food, water, health and environmental issues) with far reaching problems including an escalation in natural disasters such as flood or drought with cascading pressures on economies and infrastructures (Stern et al. 2006). Many advocates of the global approach are appealing for a sense of urgency to tackle these issues and establish a 'big picture' perspective (McDonough & Braungart 2002; Senge et al. 2008; Stern et al. 2006).

On the organisational level, Senge (2007 p. 25) advocates 3 basic tasks to lead an organisation towards future change that start with 'put(ting) a stake in the ground about the nature of issues and to lead by action around these issues', then to work collaboratively with stakeholders and lastly to generate alternatives. With carbon dioxide, the most significant greenhouse gas, increasing by approximately 80% from 1970 to 2004 and generated by the need to supply energy and transport, the awareness of socially responsible change in SMEs is cause for action and engagement (Pachauri 2007). For example, GGC made the decision that they wanted to make a difference, so seized the idea of having a 4-week trial for people to drop off their e-waste (old computers, mobile phones etc). This was a leap of faith, as they were accepting all brands, makes and purchases made elsewhere, so there was no idea of how much would be collected however, through partnering with other organisations this has resulted in 98% of this e-waste being recycled and the programme becoming a full time initiative. This simple action of reusing materials has a significant impact on the logistics of transport and landfill. With depleting resources jeopardising sustainability (Ghobadian, Gallear & Hopkins 2007), the logistics of transport has many implications as verified by the average kilo of food in the USA travelling 6450 kilometres (Senge 2007). Opting to buy locally, or as in the example above with reusing materials, results in decreased transport costs and subsequent reduction in an organisation's carbon footprint.

Table 2: The five dynamic dimensions of CSR

<u>Dimension</u>	<u>Definition</u>	<u>Examples</u>
<i>Voluntariness</i>	Actions beyond compliance	Chosen actions and behaviours are based on ethics, values and above legal obligations. <i>For example: GGC with eco-champion</i>
<i>Stakeholder</i>	All people that interact with organisation	The relationship the organisation has built with stakeholders such as employees, customers and suppliers. <i>For example: As demonstrated by GGC with giving the customer information on products such as front-loading washing machines.</i>
<i>Social</i>	Relationship between the community and the organisation	Consider the full impact and consequences of the organisation's operations on society. <i>For example: GGC support of local community activities</i>
<i>Environmental</i>	Natural environment	Work toward a cleaner environment through actions and behaviours that reflect stewardship. <i>For example: GGC reduced 75% of their waste and then shared this process with others.</i>
<i>Economic</i>	Financial environment	Ensure the profitability of the organisation for sustainable operations. <i>For example: GGC have discovered the tangible (and intangible) benefits of CSR evidenced by growth and profitability.</i>

Adapted from "How Corporate social responsibility is defined: An analysis of 37 definitions" by A. Dahlsrud, 2008, *Corporate Social Responsibility and Environmental Management*, 15(1), p. 4.

Exploring CSR in the context of an SME requires an explanation of these concepts. First, a generic view of CSR is perceived to be the 'the relationship between business and the larger society' (Snider, Hill & Martin 2003, p. 175). In the aftermath of corporate scandals such as Worldcom, Enron and HIH, followed by the global financial crisis, the increased awareness of society's effect on the environment is clearly a significant issue for business ethics and CSR principles with potential for a global management concept (Gjolberg 2009; Jenkins 2004; Joyner & Payne 2002; Lindgreen & Swaen 2010). This is evidenced with multinational corporations such as Coca Cola and Nike endeavouring to change the way business has traditionally been done through partnering with non-government organisations to tackle issues of water usage and flexible employment programmes respectively (Senge et al. 2008). Defining CSR within a business context has been labelled as 'elusive' and

‘challenging’ (Gjolberg 2009, p. 97; Smith & Langford 2009, p. 20). Other terminologies such as ‘sustainability’, ‘responsible business practices’ and ‘global corporate citizenship’ add to the perplexity of characterising CSR as these terms are used interchangeably with CSR (Moore, Slack & Gibbon 2009). The challenge of defining CSR is further emphasised with 37 definitions of CSR gathered by Dahlsrud (2008), however 5 key dimensions are identified by Dahlsrud and broken down into explanations and examples in Table 2. These 5 dimensions of voluntariness, stakeholder, social, environmental and economical outlines van Marrewijk’s (2003) approach for an organisation’s CSR strategy with TBL objectives (Dahlsrud 2008).

To present a clear perspective of CSR, this paper will adopt Elikington’s (1998) TBL approach of the environmental, economical and social facets whilst incorporating van Marrewijk’s holistic 5 key dimensions to include stakeholders and voluntariness. Table 2 depicts the 5 dimensions in the first column then column 2 gives a brief definition of the dimension. Column 3 gives a generic example along with a specific example as observed in the operations of GGC. The 3 facets of TBL have also been described as planet, profit and people, commonly known as the 3Ps (Zwetsloot 2003). McDonough and Braungart (2002, p. 154) advocate the TBL approach as a ‘strategic design tool’ that provides ‘a rich opportunity’ for organisations to initiate projects with questions addressing planet and people aspects versus ‘a purely economic perspective’. This is evidenced in Dixon and Clifford’s (2007) case study on an organisation in the United Kingdom that utilises TBL as a quantitative framework to report their environmental and social contributions as well as their economical outcomes. The additional facets of stakeholder and voluntariness are overarching factors that have extensive influence and affect, however compliment the TBL framework (Dahlsrud 2008). With the economic factor being fundamental to the overall survival of the organisation a collaborative approach concerning all stakeholders leads to a win/win working relationship resulting in a productive business community (Shahin & Zairi 2007). McDonough and Braungart (2002) expand on this concept with the argument that it is an organisation’s commercial responsibility to create value for all stakeholders including shareholders but not at the cost of the environment or the community. The voluntariness aspect further influences the economical, environmental and social facets of the TBL with overall interest in contributing to society through humanitarian and philanthropic causes by voluntarily giving back to the community in the way of money or time (Shahin & Zairi 2007).

The ‘take, make, waste’ philosophies that have evolved over the past 200 years needs to cease dominating the way business is managed (Senge et al. 2008, p. 38). Arguably, it would be senseless to expect the industrial world along with the consumerism culture to cease, nevertheless taking a more moderate approach and learning to operate better and consume less has possibilities (Nordhaus & Shellenberger 2007). To explain the idea and incorporate socially responsible actions and behaviours McDonough and Braungart (2002) provide the example of ant communities who like humans touch every land mass of the globe but unlike humans they impart a complete cyclical process to their waste, habitat and maintain a healthy existence. The ants in contrast to humans create both a sustainable environment whilst replenishing the planet through biodegradable systems that McDonough and Braungart conceptualise as ‘cradle to cradle’ (2002, p. 79). The business and academic community widely discuss the concept of sustainability that is frequently interpreted as transparency and a foundation of CSR with organisations contributing to a better society overall (Gill, Dickinson & Scharl 2008; Uhlaner, Goor-Balk & Masurel 2004). The issue of data used in the TBL framework needs to be transparent as exemplified in the research on the communication of sustainability in oil and gas organisations that revealed possible issues with the actual versus espoused practices (Gill, Dickinson & Scharl 2008). Even the

controversial and discredited organisation, Enron held an extensive written code of ethics and principles that serves to highlight the importance of genuinely implementing a clear and visible reporting framework in contrast to creating a facade of socially responsible behaviours (Norman & MacDonald 2004). The TBL concept is an altruistic idea that has exciting potential for organisational reporting where businesses can go beyond the 'lip service of social responsibility' with observable outcomes (Norman & MacDonald 2004, p. 243).

Methodology

This case study of GGC represents the initial findings of an ongoing research project being undertaken over the next 4 years that explores CSR within an SME context. The purpose of this study is to explore the organisational strategies an SME practices relative to their CSR philosophies and to develop an understanding of other processes involved. As a qualitative case study the use of interviews with appropriate players and the review of existing documentation have been integrated to create an initial model of understanding for the study at hand. Data collection activities were undertaken over several visits to the organisation allowing for some observational verification of previously collected findings. The combination of these activities constituted reliability in the investigation method carried out (Creswell 2003; Yin 2003).

The explorative case study is reasoned to view the *how* and *why* of research (Yin 2003), therefore this paper investigates how GGC adopted CSR actions and behaviours into their daily business. Why the GGC eco-team was motivated to adopt these strategies is also assessed. While in some situations case studies have been criticised as a method of investigation, Yin and Neuman (2003) argue the positive connection of case studies at the micro and macro levels which allows for the comprehension of the complexities within social structures. The value of this approach to this research is to permit the researcher to link these levels through the individual's actions (micro) relative to the organisation and society (macro) to answer these questions. Within this context this research views key concepts of actions and behaviours associated with learning and improving to support the development and improvement for a culture of CSR within an SME. The driving or adoption of CSR concepts into the daily tasks of the individual is relative to the effectiveness and sustainability of the organisation. Kemmis' (2009) study of 'Education Sustainability', also advocates the case study methodology to work collectively to explore the relevance of moral, social, environmental and economically sustainable practices. Through reflection, participants 'learn by doing', 'they are exploring and reconstructing the practice architecture that construct their lives' (Kemmis 2009, p. 472). These benefits accompanied by the exploratory approach required at this point of the investigation supports the use of a case study as a methodology for this specific research. It also assists in creating an understanding of the transformational awareness in the workplace through CSR behaviours in the SME environment.

The organisation: A case study

In 2004 GGC started investing in CSR and sustainable business practices with the assistance of a state and local government initiative entitled EcoBiz. The GGC store employs approximately 50 people over a seven-day roster with a mixture of casual and permanent staff. The approach to building CSR was based around the establishment of eco champions and eco-teams. Players for these positions and teams were drawn from both the permanent and casual ranks with the only requirement being a commitment to the concept of the 'sustainability journey'. Central to these initiatives was the establishment of information

sharing and education of employees in CSR and sustainability firstly through the practical application of understanding the virtues and benefits of energy and water efficient appliances. Initial success achieved by the eco-teams enabled GGC to obtain government subsidies for machines, training and business planning to further develop the CSR practices within the business. This approach also acted as a direct reward and motivator for those who had chosen to be involved, expanding influence across the business.

Worthy of noting is that this approach to CSR and sustainable practice builds upon previously established philanthropic activities by GGC within their local community including sponsorship of the local non-profit organisations that assist the youth in the area such as the Police Citizen Youth Club. GGC officially began their sustainability journey when the local government, as a result of this already established community profile, approached GGC to be a part of their EcoBiz programme. At this point James and the senior management realised the importance of having relevant and meaningful goals that went beyond the whole organisation and involved the businesses stakeholder community. It was indicated in these discussions that the narrow internal activities such as introducing a worm farm for compostable waste and low wattage bulbs in the business was minimal when compared to having customers and suppliers engaging in the same activity to create a multiplier effect. An example of this strategy in action is seen in the initial goal of decreased water usage. The GGC team worked out that by decreasing their water usage by 15% (the proposed target under the government scheme) would result in the saving of 0.05 of a mega litre (ML) of water and approximately \$1500 in financial savings. Whilst this is significant, James and his staff wanted to make a difference believing these savings were only 'tinkering around the edges'. At this point, the GGC team reflected back onto an existing culture of creating 'champions' for key areas of the organisation. When applied to sustainability and CSR this resulted in revealing 2 existing employees who held degrees in environmental disciplines both of which took on the new roles of 'eco champion'.

From here 2 key areas developed. Firstly, the team at GGC suggested educating the customer on water and energy saving products. This suggestion grew into visual and oral education of both the staff and the consumer. Due to a major drought, water restrictions were in place and water conservation was a topical issue in the community. Using this initiative GGC focused on water efficient front-loading washing machines. The broader education approach of adopting shop displays for visual impact was used to create a message in terms of actual consumption. A bucket display created the image with 10 red buckets depicting the water consumption of an efficient top load washing machine and the addition of these 10 plus a further 5 green buckets for the significantly less water consumption of the front load washing machines. This led to increased sales, which have been calculated by the partnering government departments to generate 225 ML of water conservation (4500 residential swimming pools) in 3 years. Similar results have transpired with the advocacy of energy efficient products whereby growth and sales have been steadily increasing and GGC have validated their reputation with their suppliers and consumers.

A further area identified as a challenge by GGC team was the inability to effectively deal with waste. This situation was further enhanced as a priority area by the local government because of a dramatic shortage of landfill. The GGC team through further investigation discovered that 75% of their waste came from expanded polystyrene (EPS) making this an ideal issue to be targeted. This was the most difficult goal to obtain in the waste reduction area given the nature of the product. With GGC's link to initiatives within the local government, the team was able to use local and state government to act as a conduit to another organisation that could partner in this difficult area of waste reduction. The subsequent working partnership from this unique recycling business resulted in a 100%

recycling of EPS. The outcome of this was to reduce GGC's overall rubbish by 3/4 and a decrease in local landfill waste by a minimum of 2.5 tons per year while the tonnage may appear low given EPS's volume to weight ratio the actual volume of material was far more significant.

James and the GGC eco-team have expanded these positive results through networking and sharing the pathway to reducing EPS waste on both a local and national level. Locally, this solution has been shared with the immediate business community within the local government area leading to a further 3 tons of landfill saved in the first 12 weeks of sharing. Promoting recycling of the EPS within the other 87 GG stores has expanded the waste reduction nationally. This and other examples developed through the GGC's eco-teams sustainable philosophies demonstrates their effective promotion of partnerships with positive outcomes as a resultant and leading to state government subsidies for the creation and manufacturing of EPS shredding machines. This unique device is a creative by product of the waste reduction project and has been installed in 5 GG stores. The collaborative approach and leadership of GGC eco-teams, involves a passion for innovation, learning and improvement for both their organisation, the larger GG business group, other businesses and more importantly society in general.

Creating the CSR culture

It is argued that the choice for the 'less bad' reflects short term thinking that lacks vision and the possibility of new opportunities, aspects essential for an organisation's competitive advantage (McDonough & Braungart 2002, p. 45; Senge et al. 2008, p. 100). Retailers depict deciding to not use plastic bags as a positive environmental choice. The alternative bag offered by many retailers for a nominal charge, is not recyclable and this then ends up in landfill, an approach known as a 'cradle to grave' situation (McDonough & Braungart 2002, p. 28). Referring to the ant community with their absolute cycle of 'cradle to cradle' concept where every output of their existence becomes a benefit to their community and sustainment of their world is dissimilar to humans that generally seek a quick-fix remedy with disregard for the consequences (McDonough & Braungart 2002). The Western organisation financial bottom line philosophy is aligned with the cradle to grave model with deficiencies in consideration for the sustainability of many stakeholders (Deming 1986). Ensuring the best option is chosen can be a difficult process that needs reliable information to plan, observe, monitor and champions action as advocated by the plan-do-study-act (PDSA) model (Deming 1994).

To plan, research, develop and test decisions along with checking the results, characterises the acquisition of knowledge and learning (Deming 1994). The PDSA learning cycle (Figure 1) that Deming adapted from his mentor Walter Shrewhart supports a continuous understanding and learning process (Deming 1994; Scholtes 1999). The ongoing cycle increases the attainment of knowledge for continual improvement as supported by CSR (Barrett 2009) and by studying the change results, planning and predicting are improved (Deming 1986). Many support the ongoing relevance of PDSA as a model for managing quality, change and continual improvement in an organisation (Bosch & Enriquez 2005; Gapp & Fisher 2007; Rungtusanantham, Ogden & Wu 2003). For example, Gapp and Fisher (2007, p. 330) developed a 3 phase model of PDSA in 2 qualitative case studies covering the service and manufacturing industries to demonstrate 'innovation, knowledge development and management' within the PDSA method. Many academics and industries including the health and medical disciplines are also exponents of PDSA (Robinson 2004; Walley & Gowland 2004). TBL and CSR mutually support the commitment to learning (Scholtes 1999; van Marrewijk 2003) and the importance of acquired learning by questioning,

feedback, and reflection to advocate the constructs of PDSA and learning within the organisation (Deming 1986).

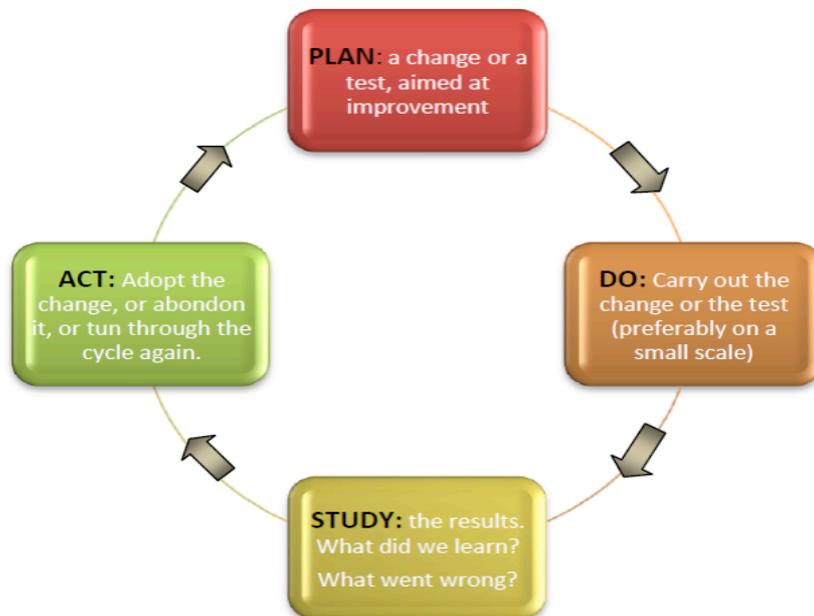


Figure 1. The PDSA cycle for learning and improvement (Deming, 1994, p. 132)

Adopting a constant and cyclic active learning approach is widely recommended (Deming 1986; Gapp & Fisher 2007; Kemmis 2009; van Marrewijk 2003). The theory of double loop learning builds on such an approach and allows participants to develop behaviours that involve reflective processes to create an effective learning pattern (1990; 1999). The recurring nature to double loop learning increases the cognitive role and decreases opportunities of failure or conversely, single loop learning is a simplistic instructive learning that leads to misunderstanding and the cost of not doing it right the first time (Argyris 1997). In his seminal works, Argyris (1990) provides the example of single-loop learning with accomplished professionals who due to their expertise rarely fail and therefore do not get to experience the reflection on how to change or improve. It is also argued by Argyris (1990) that the defensive reactions to learning are due to the misunderstanding of behaviours yet when deliberation and questioning of results occurs then double loop learning is the outcome.

To explain double versus single loop learning Argyris (1977) provides the example of a thermostat that controls the heat. Single loop learning occurs when the thermostat is set to a temperature, such as 23 degrees celsius and therefore follows the instructions it was given to complete the task without question (Argyris 1977). This type of learning identifies and addresses the existing and current issue without uncovering long-term root causes or consequences (Gapp & Fisher 2008). Alternatively, double loop learning requires the thermostat to question the set temperature of 23 degrees to seek alternatives that provide potential for improvement, learning and innovation (Argyris 1990). The example of single loop learning is applicable to situations where a process, action, or behaviour goes unquestioned and an organisation continues in the same direction with potentially untapped opportunities to develop and work collaboratively with strategies such as TBL (McDonough & Braungart 2002).

Many organisations, like Enron with their code of ethics say one thing and do another. Argyris and Schon's (1978) 'theory of action' reveals the disparity between theories-in-use and espoused theories that are evident in people's actions and behaviours. The governing variables of how an individual or organisation acts is integral to the theories in use and are explained when a person acts and behaves implicitly versus the espoused theory that is explicit and conscious therefore creating a gap in what is said and what is done (Bartunek 2008). Theory in use is illustrated by the variables, strategies and consequences of model I and model II with the former linked to single loop learning and the later linked to double loop learning to illustrate actions in organisations and individuals (Argyris 1982). Model I consequences include miscommunication, ineffectiveness and decreased innovation in contrast to Model II outcomes that cover transparency, increased effectiveness with problem solving and decision-making (Argyris, Putnam & McLain Smith 1985).

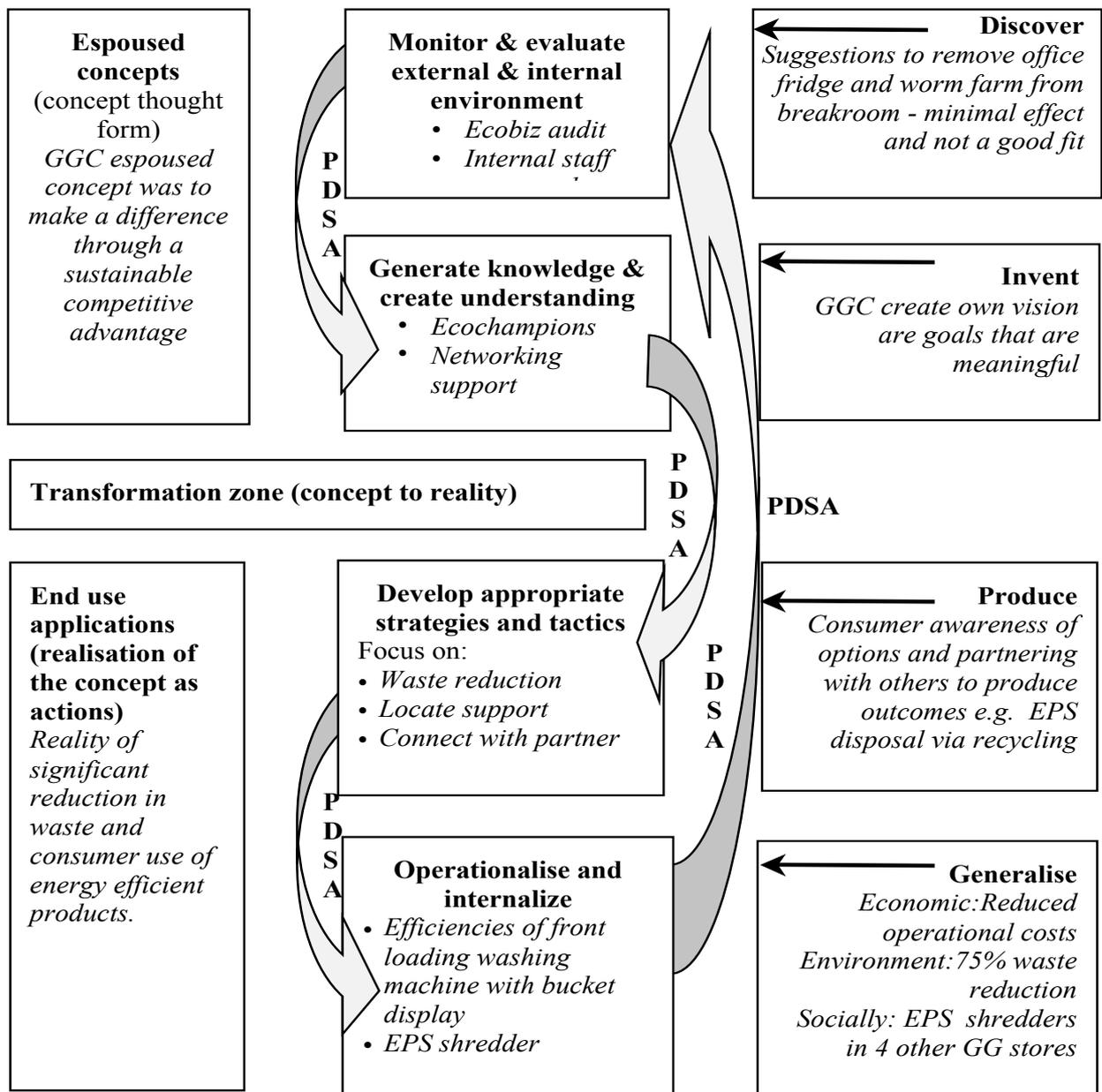


Figure 2. Adapted from Gapp and Fisher's organisational transformational model based on the work of Argyris and Deming.

Gapp and Fisher's (2008) model incorporates several cycles of Deming's PDSA to develop into Argyris' theory in action and into model II theory in use to show the progression and shifts in thinking along with developing increased levels of improvement. Figure 2 applies GGC's initiatives with the focus on waste reduction and specifically on EPS recycling. The initial phase in this example started with EcoBiz (planning) and as a result an extensive external audit was carried out (doing). A subsequent review of the suggestions was found to be unsuitable (studying) thus the start of the eco champion role with internal resources (acting). As GGC moved through the phases of this model, they continuously applied PDSA with reflection as well as seeking out options and alternatives to create a constant cycle of learning and improving. In this example, it is interesting to note at the beginning, waste reduction was not one of the explicit aims, however as GGC evolved through the phases the vision of how they were going to achieve their goals became clearer and grew to be a reality with actions.

Conclusion

The research creates a better understanding of how the SME sector, when engaged through effective management and partnering can develop CSR initiatives, which provide positive outcomes for all stakeholders. A key aspect of this case study, which will be built on in further research is the integration of CSR concepts into its core business practices within the SME environment. The extension of this research across several SMEs, when completed, will create a broader understanding of the action and behaviours that are required for the effective adoption of CSR.

With much CSR research focused on the larger corporations, the importance and capabilities of the SME are often overlooked. Although, there are many challenges for SMEs, the benefit of lower levels of formality and hierarchy that can flow onto positive outcomes due to innovativeness, flexibility and efficient decision making processes clearly seem to exist in terms of CSR in this study. It emerges from this initial work that for SME's to invest in sustainability and CSR, this segment of the business world requires unique approaches which will have some similarities as well as significant differences to their larger corporate associates. An advantage of this difference presented in these initial findings is a clear vision of the need to be aligned within the entire stakeholder group, and this is actioned through the development of effective partnerships.

This exploratory study has viewed the benefits of innovation and improvement relative to CSR within the SME sector. The initial findings have highlighted operational perspectives of CSR necessary for benefits obtained through an improved TBL. The developmental cycle is achieved by the continual learning method as demonstrated through the application of the Gapp and Fisher's (2008) transformational model of change. This paper has taken the perspective through the lens of the case study provided that is proactively seeking sustainable business practices to establish CSR actions and behaviours. The CSR philosophies and sustainability of GGC are underpinned by continual monitoring and reflection, which is relevant in all aspects of the ongoing journey of GGC as an effective business. As a result, by proactively seeking sustainable business practices to establish CSR actions and behaviours there is initial evidence of the model II capabilities being demonstrated in the creation of a competitive advantage. This case study has indicated how SME's can place vision into action and ultimately imbed CSR behaviours into the organisation. The next stage is to build on this platform so that the valuable role SMEs play in the business sector can be used as an influential force for the creation of change toward greater uptake of sustainability and CSR.

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