Impact of adoption of Sustainable practices on Business Performance: A context of Pakistani SMEs

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Abstract

The purpose of this paper is twofold. Firstly, the main motive is to understand the real meaning of sustainability and evaluate what categories and dimensions different researchers have included when incorporating sustainability using the Triple Bottom Line (TBL) approach. This research study relates to the theory by providing a comparative analysis on different sustainability frameworks. Second purpose caters to the practical approach and employs a quantitative methodology using a multi-construct model to test the advance hypothesis. In the past, lot of attention is paid towards the need of large enterprises to adopt sustainability practices; small and medium-sized enterprises (SMEs) have not been paid enough attention. Moreover, SMEs in a country like Pakistan are significant as these firms constitute nearly 90% of all the enterprises and contribute 40% to the GDP. Assuming that sustainable business approaches leads to business performance, the present paper intends to investigate the standpoint of SMEs towards Sustainability (people, planet and profit) and on their prioritization within business dynamics. Data was collected through a closed-ended survey questionnaire, covering some major cities of Pakistan. SPSS techniques were used to analyze the data. This research aids in gathering information regarding how sustainability is perceived in the minds of SMEs owners and as a starting point to encourage them to work towards sustainability.

Keywords: Sustainability; Sustainability Frameworks; Triple-Bottom-Line; Business Performance

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Chapter 1: Introduction

What is Sustainability?

Over the years, many companies have place importance in making their businesses sustainable. The impulsion either comes from the external forces; increased government regulation and awareness in consumers and their preferences or from internal forces, such as values of the firm's leadership. The word sustainability means having the capacity to persevere through the irregularities of changes that future may bring. According to World Commission on Environment and Development, sustainability definition includes those economic practices, which meet current needs without compromising on the needs of the future generations.

The need to go beyond green and think in terms of sustainability is now recognized by firms and the society. Numerous organizations that initiate new business processes to enhance efficiency and profitability are focusing on making these procedures work in a way that will give the same advantages over the long term. But still there exist irregularity because of changing market trends and dynamic environment that concerns the stakeholders of the firm about the firm's future. Regardless of how much their business activities are aligned or how much money they spent on their business, there is still a worry about the profitability of the firm in the future.

Organizations work hard to accomplish both long-term and short-term goals. Sustainability implies that organizations are able to achieve their long-term goals with the help supportive and relevant business practices. Sustainability additionally implies that with the main focus on

reaping profits, companies shouldn't forget to be concern about giving back to the general public and environment. Organizations are seen to fail to succeed in the long run if they are not concerned about giving back to the society. Though sustainability majorly concerns about the future of our society, companies and industries, in sustainability, look for commercial success mostly. However the obligation to convert businesses to meet environmental limits whilst social needs and wants are fulfilled has become a new manifesto for innovation on design and strategy for companies. It also helps companies in offering huge opportunities to compete and adapt to rapidly changing and dynamic world.

Being sustainable indicates that companies are self sufficient and internally strong to bear the dynamics brought in by the future, without having to worry about the negative effect of future changes. When any business is established, it requires a lot of start-up capital including both; human and financial capital. If the business does not have the ability to earn back what is invested in the early stages, the money spent on the business will go to waste. This will lead to the closure of the business if it is unable to survive in the long haul. Therefore, sustainability becomes a crucial area of concern for the business.

In supply chain sustainability, there are two board areas of research. The first area looks at the local efforts to improve sustainability. It includes tools and techniques to improve environmental performance while meeting the needs of society and satisfying the stakeholders. The second area is concern with the global performance measurement. It evaluates the performance of countries, economies and industries.

Sustainability in Environment

Sustainability includes sustainable building, design and operations. Sustainability is the collection of policies and strategies employed by companies to minimize their environmental impact on future generations. Ecological concerns, such as the environmental impact of pollutants, are balanced with socio-economic concerns such as minimizing the consumption of limited natural resources to maintain their availability for the future.

In a scenario where the resources are depleting, organizations need to make decisions that are environmentally feasible and responsible. These decisions should not only be beneficial to the company but to others in the society as well. Therefore, the idea of Environmental Stability was introduced.

Environmental Stability is about decision making; it is the idea that such decisions should be taken by the firms which are beneficial to the environment and which help protects the environment from the negative effects of the companies working in it. This helps the organization to not only look out for the environment at large but they can also transfer these environmental sustainable decisions to their own competitive advantage in the market. These businesses will then have a competitive edge when it comes to attracting customers and investors. Nowadays consumers are well informed about their environmental and social responsibilities and usually keep a track of which companies are acting responsibly in the market. In the developed world, this topic usually receives much attention from the environment protection companies, their governments and from the media. So much so that even in the

developing world, people have started to highlight this issue on social media at the very least and many have become aware of these issues and started to work towards to it.

3 Dimensions - Introduction to Triple Bottom Line

The primary aim of any business is to gain profits, the reason why companies are formed and why they exist. Secondary aim however includes being recognizable and being customer-centric. Companies make every effort to operate in markets to gain monetary benefits. The 'money-related' aim of every business is called the 'bottom line' of operating any company. The idea of bottom line describes that the main mission of every organization is to reap monetary benefits.

Elkington though argued that every business should prepare three bottom lines, instead of one, the triple bottom line. He said that instead of relying merely on business financials, companies should give consideration to the social, economic and environmental impact all together. Therefore, with the passage of time, businesses began to focus on factors other than financials. There was seen a give and take relationship between the organizations and the natural environment as company manufactures products using natural resources, they owes something back to the society. This shows if something is taken from the society, it should be compensated with something in return as well.

Here, the idea of "Triple Bottom Line" appeared in early 90's. Being explained from an accounting perspective, it focused on the notion that any organization should not only be concerned about money (profits) but on environmental and social impacts as well. Triple Bottom Line is principally an accounting framework that focuses on three main aspects i.e. economic,

environmental and social factors to gain sustainability in the long run. While this concept is quite old as compared to present times, but the application of triple bottom line in achieving sustainability in supply chain is a new concept and is followed by many researches. This research paper discusses how Triple Bottom Line concept can be used to gain supply chain sustainability and analyses the three factors in achieving sustainability in the long run.

Triple bottom line is also known as TBL, 3BL, People, Planet, Profit or The Three Pillars, is a term coined by John Elkington in 1994. He used this term in his book "Cannibals With Forks" explaining that the 21st Century Businesses need to account for all three; financial, social and environmental bottom lines of their companies in order to consider the impact of all three (financial, social and environmental) and not focus solely on finances. Elkington aim was to advance the goal of sustainability in business practices.

Profit Account (Financial)

Refers to the finance portion and measures the economic value of a company. It includes the economic value created by the company, or the economic benefit to the surrounding community and society.

People Account (Social)

This refers to the social aspect of the Triple Bottom Line and measures the company's degree of social responsibility. It includes the fair and favorable business practices concerning labor and the community in which the company conducts its business.

Planet Account (Ecological)

This refers to the environmental section and measures the company's environmental responsibility. It includes the use of sustainable environmental practices and the reduction of negative impact on the environment.

Small and Medium Enterprises (SMEs)

From the beginning, small and medium size enterprises (SMEs) have a significant role to play in the economic and social development of a country. In the developed countries, the importance of SMEs is acknowledged in assisting their economies (Rohra & Panhwar, 2009). However, in the development of emerging economies, they have a distinct nature of their own; they create employment opportunities and are a source of income generation. They also contribute in maintaining the standard of life by increasing the income of common people. SMEs are considered instruments for distributing economic growth in a decentralized and more equitable manner in emerging economies. Many researchers have discussed the role of SMEs in various sectors and subsectors of emerging countries in relation to economic development and competitiveness of the economy such as India, Pakistan, Bangladesh, Srilanka (Alter S, 2003; Rani & Kassim, 2011).

Small and Medium size enterprises (SMEs) in Pakistan contributes towards the economic growth, advancement of technological innovation, sourcing to large industries and supporting economic renewal and social development. As with many developing countries, Pakistan's

economy is a direct reflection of its SME sector (Khalique, Isa, & Nassir Shaari, 2011). They are the main source of poverty reduction, employment creation and social uplifting.

According to Economic Census of Pakistan 2008-09, the number of SMEs in Pakistan is estimated to be 3.2 million. More than 90% of all private businesses are represented by SMEs and employ nearly 78% of the non-agriculture labor force in Pakistan (PBS, 2011). SMEs contribution to Pakistan's Gross Domestic Product is around 40% according to SMEDA. Sharing a 30% of Pakistan's total exports, SMEs are spread all over Pakistan with a major concentration in Punjab of 65.4%. The smallest share of SMEs sectors happens to be in Balochistan (2.3%) while those of Sindh and Khyber-Pakhtunkhwa are 18% and 14.3%, respectively. Although Government of Pakistan (GoP) has tried to develop the SME sector of Pakistan (establishment of SMEDA and micro finance banks to finance this sector) still they suffer from several shortcomings such as low value-added products, absence of an effective business information infrastructure, lack of strategic planning, energy crisis, unskilled human resources and non-aggressive lending strategies by banks (Rohra & Panhwar, 2009).

Defining SMEs

Small and Medium Enterprises (SMEs) are defined worldwide based upon three aspects i.e. number of employees, paid-up capital and annual revenues. In case of Pakistan, there exists no uniform definition of SME (Dasanayaka, 2008). All the important entities including SME Bank, SMEDA, Pakistan Bureau of Statistics (PBS) and State Bank of Pakistan (SBP) have defined SMEs differently. Some have also classified them as micro, small and medium firms on different occasions. However, for the purpose of this paper, I have kept their classification to SMEs simply. Moreover, the most common definition of SMEs used in Pakistan lies on the number of

employees up to 250 people, paid-up capital up to Rs.25 million and annual sales up to Rs.250 million (Kureshi et al., 2009). Now this is the definition stated by SMEDA as well and this is one being used in this paper.

Sustainability in SMEs

Earlier, the literature on sustainability has focused more on multinational companies where the impacts are significant (Elke & Bos-Brouwers, 2009). According to European Commission policies SMEs are becoming leaders in environmental management but still most of them lack knowledge on how to manage impact (Iraldo et al., 2010). An evident gap exist in the literature on SMEs in this context, little research on sustainability related corporate social practices in these firms are available. However, sustainability principles are central to the value creation process of SMEs. It has been observed that sustainable approaches adopted by the owners influence the firm especially in small firms, with their personal preferences which are reflected in organizational goals (Schaltegger & Wagner, 2011). For sustainability strategies and policies to be successful, collaboration between SMEs and national entities is vital (Maass, 2006).

Preconditions to Implement Sustainable Business Practices

Nowduri (2012) proposed certain preconditions for SMEs to implement sustainable business practices. These are as follows.

1. Before adopting these practices, every business should be committed to being sustainable.
2. Integration of environmental sustainability in to various business aspects like new market attractions or working towards new revenue generation opportunity.

3. The SME owner should consider sustainability factors to reduce business risks in every business practice.
4. Based on various sustainability factors, talent should be retained within the firm by capturing new market opportunities.
5. The SMEs should work towards the betterment of their employees as well as their organizational health aspects, inconsequential of their financial resources or revenue generation.
6. Sustainability focus on the long term therefore, the business practices should bring the business needs as well as consumer needs near to environment green.
7. Integration of three important factors is also necessary that are corporate values, production processes and consumer needs.

Problem Statement and Research Questions

Is there any real economic value to the firm of these apparently non-economic factors? Is transforming these environmental and social concerns into a monetary figure for the firm correct? And most importantly how can the term sustainability be defined and applied to supply chain management. Lately, a lot of confusion has been created in the recent research about what is to be included when researchers and companies talk about sustainable supply chain management. Therefore, what type of categories and practices of sustainable supply chain management should be ensured by the firms for sustainable performance to be achieved or at least improved?

Secondly, from practical point of view, sustainability in the context of SMEs has rarely been discussed in the context of SMEs. Researchers have been mostly interested in examining the case of larger organizational players, namely corporations, underlining the implications and

importance of CSR policies and best practices. Therefore an important research question here is how sustainability can be applied to SMEs in the context of developing countries? Moreover, a detailed study on SMEs in developing countries (as Pakistan) on the topic of sustainability is yet to be conducted. It will be significant to observe whether there is a positive relationship between sustainable business approaches and business performance in the case of Pakistani SMEs?

Purpose of Study and its Significance

The purpose to carry out research for this thesis is to establish the need for and to begin the development of measures that incorporate factors from all dimensions of sustainability and study how triple bottom line method results in causing sustainability in the supply chain. The main motive is to understand the real meaning of sustainability and evaluate what categories and dimensions different researchers have included in their research when incorporating sustainability from all the three lines of TBL. Comparative analysis of different sustainability frameworks of the authors has been done to analyze their concept of sustainability, strengths and weaknesses of these frameworks and to find the commonalities and differences between them. All of this is done to clarify and emphasis on the elements that are most crucial for sustainable performance and those, which are less significant.

The other and utmost important purpose to carry out this research is to analyze weather the theory matches the practical approach of SMEs in Pakistan, what do they think about sustainability and how do they approach it. Which dimension out of the Triple Bottom Line do they consider important for their business and which they think will impact negatively on their business performance, thus analyzing where these firms lack in terms of sustainability. This research can help in giving a starting point when introducing sustainability concept to SMEs

owners and encourage them to work towards sustainability reporting. When investigated further, this research can help in framework formulation for SMEs that address sustainability.

Chapter 2: Literature Review

Sustainability in Supply Chain

Supply Chain frames the premise of any business. It comprises of numerous little entities that take part during the time spent assembling items or benefits and delivering them to the final consumers. Many different departments work together in a supply chain to frame a procedure that gathers raw materials, changes them into products and after that deliver those final products to the end purchaser/client (Monczka). For the most part, these departments comprise of the suppliers, manufactures, wholesalers, retailers and customers. These entities are linked together such that the final result of one department turns into the input of the next department in line. In geographically extended organizations, these parts of a supply chain are available in various nations of the world. Robert Monczka presented two sections of the supply chain in which there are two directions in which materials, assets and data stream; the upper part of the supply chain that manages the acquisition of raw materials and generation of products is called upper stream of the supply chain; though, the part of the supply chain that deals with the distribution and delivery of the final product to wholesalers, retailers and consumers is known as the downstream of the supply chain.

Supply Chain Management is an essential area that is of prime significance to organizations. Outstanding supply chain management results in improved cash flows, proficient customer service, value-added operations and most importantly helps in building sustainable competitive advantage for the companies. A firm can build strong networks with entities outside the organization (suppliers) with the help of an efficient supply chain management which leads stronger network relations resulting in improved customer service and optimization of operations (J.R. Stock, 2010).

These days the focus is on "sustainable" supply chain management. Companies have now shifted their focus to sustainable supply chain management from optimized level of supply chain management. Sustainable supply chain management requires management of all players including manufactures, distributors and customers and its key components that are funds, materials and information in a reliable way that provides long term efficiency in the organization. Companies that earlier put emphasis on improving supply chain management failed to achieve efficient and consistence supply chain in the long run. Putting it in other words, it can be said that sustainable supply chain management is the one making note of the necessities and requirements of its stakeholders and its consumers and attempts to fulfill them by concentrating on future consistency of its current supply chain performance. (Seuring, 2008).

Accomplishing sustainability in the supply chain intends to perform proficiently and effectively on three essential grounds, that are environment, financial and social aspects. The economic factor in the sustainable supply chain management is of greater importance to the stakeholders so that it provides consistent financial results to them. Therefore, improvement in this aspect must

be an ongoing matter. However, many governmental rules and regulations are now attentive towards the environmental factor of supply chain that helps in achieving sustainability in the supply chain management. In addition to these, the requirement to fulfill corporate social responsibility, placing its emphasis on improving health and social facilities are gaining importance, therefore social aspect is becoming a concern for supply chain managers as well (Pedro Jose Martinez-Jurado, 2013). However, the negative effect on the environment in the supply chain needs to be minimized as most of the time, the environment is being negatively affected during the life cycle of a product (Mason, 2008).

Achieving sustainability in supply chain is not an easy task. It requires continuous effort and determination. It is a challenging goal to accomplish involving many socioeconomic factors. Achieving sustainability becomes more complex when achieved through triple bottom line incorporating the consideration of all three; environment, social and economic factors. Supply chain sustainability does not merely refer to the collection of the components of supply chain together but it also means that there exist strong linkages and connections within these different components (N.Yakovleva, 2012).

The purpose of companies to focus on supply chain sustainability is to optimize the operations, which will lead to higher level of efficiency resulting in improved performance of the organization (Shepherd, 2006). Several researches are being carried out on how to measure sustainability. Yet few models have been proposed on how to gauge sustainability in a numeric mode. (M. Brandenburg, 2014). Due to regulations enforced on several global and local organizations, companies are now required to be sustainable in three major elements of

performance. (Cetinkaya, 2011). However, within these three factors (i.e. environmental, economic and social), research shows that more focus is being placed on economic and environmental factors while consideration of social factors in supply chain sustainability is a newest approach (Seuring, 2008). Some researchers also suggest that for a company to achieve socio-environmental success, business needs to focus on all three factors mentioned above (Zailani, 2012).

Triple Bottom Line (TBL)

As mentioned before, John Elkington introduced the idea of Triple Bottom Line as an accounting framework to gauge sustainability in any company. The idea of triple bottom line was presented in 1994 and since then it's under research and analysis. The concept of triple bottom line is adopted by many companies in various industries including both profit and nonprofit firms (Elkington, 2001). Although a lot of research is done on Triple bottom line, researchers still believe that the concept needs to have a better understanding (Maurice & Mohamad Y., 2014). When sustainability is measured through TBL, it's not important that the output is always something tangible (Che-Fu, 2014). This idea was supported by another researcher E. Hassini, who also put stress on the fact that there is a lack of research and struggle in order to correctly formulate a framework and the methods that are required to measure the sustainability when it comes to the supply chain of a firm. Further research shows that measuring sustainability in a supply chain background is the next big area for improvements and research and hence it being the growing area of interest (E. Hassini, 2012). One point to be pointed here is that the goals of triple bottom line approach should be mutually supportive. So the need for in-depth analysis of

how different goals relate and how best they can be measured still needs to be understood in detail (C.H. Glock, 2012).

Sustainability Framework

In recent years, research and real-world application of sustainable supply chain management (SSCM) have been growing progressively. Researchers argue for sustainability issues being incorporated into many facets of supply chain management (SCM). Authors and researchers are digging deep to figure out the elements or factors that distinguish conventional supply chain management from the sustainable one. General characteristics depicting recurring elements and dimensions in SSCM can be found in relevant literature. While describing sustainability, most articles refers to the focal firm as being the initiator for SSCM practices, as generally it is the most powerful and influential entity in the chain The focal firm, in order to improve their own sustainability performance then puts pressure on the suppliers for respective action. (Miemczyk et al., 2012)

Sustainability Framework is general terms can be defined as the way authors and researchers approach to sustainability. It looks out for a way to organize thinking about sustainability, and also includes inform planning, management and evaluation of activities in order to meet the sustainability aim. Most sustainability frameworks described in the articles use orientation towards sustainability in the supply chain management as the starting point. After pointing out the orientation, the authors then stepwise introduce different categories and dimensions of their respective models. These models and frameworks emphasized towards reaching a sustainable performance in or through supply chain management.

Yet, a huge challenge here is the lack of a rigid sustainability framework in the literature. The use of the term sustainability appeared not to be consistent (Alhaddi, 2015). Different authors present different dimensions and opinions about what is to be included in the sustainability framework. Another important question that arises while presenting these frameworks is how complete and comprehensive the framework is and how do these authors justify them (Beske & Seuring, 2014). While great importance has been placed on the movement of SCM towards sustainability by these frameworks, still some sustainability studies focus on just one line. However, this paper includes the analysis of the sustainability frameworks that work on all the three lines and follows the TBL framework.

List of the Sustainability Frameworks

Models presented by Labuschagne et al., Seuring & Muller, Carter & Rogers, Crittenden et al., E. Hassini et al., and Beske & Seuring are listed and discussed in the analysis below in respect to sustainability frameworks. The different elements/dimensions included in these models are then listed and compared in Table 2.1. As mentioned above, it is to be noted that these frameworks are the ones that are based on TBL framework i.e. to be of equal importance. In addition to this, these frameworks or models are conceptual in nature mostly being based on literature review and are not country or company specific. They all are looking at sustainability from supply chain point of view.

After listing of these dimensions, a comparative analysis is presenting in the paper below.

		Carter & Rogers (2008)	Seuring & Muller (2008)	Beske & Seuring (2014)	Crittenden et al. (2011)	Labuschagne et al. (2005)	E. Hassini et al. (2012)
1.	Orientation, Culture or mindset	-----		-----	-----		
2.	Strategy	-----				-----	
3.	Risk management	-----	-----	-----			
4.	Transparency	-----					
5.	Supply chain management		-----				
6.	Performance management		-----		------		
7.	Continuity			-----			
8.	Collaboration			-----			
9.	Proactivity			-----			
10.	Dynamic Capabilities				------		
11.	Stakeholder involvement				------		
12.	Transformation						-----
13.	Delivery						-----
14.	Value proposition						-----
15.	Sourcing						-----
16.	Customers						-----
17.	Recycling						-----
18.	Societal Engagement				------		
19.	Supplier Management		------				

Table 2.1

Comparative Analysis

Carter and Rogers (2008) approached the framework by empirical research methodology. They review sustainability literature and had interviews and open discussion with 35 managers and executives from 28 companies that supported these five propositions. Many people would agree that each different empirical research methodology have its strengths, but also its shortcomings. It is assumed here that a multi-method or mixed-method approach is beneficial for related theory building as it allows one to overcome the disadvantages of any single research method (Bryman, 2007).

On the other hand, Crittenden et al. (2011) used Resource-Advantage Theory as the underlying theoretical foundation. They used literature from a variety of disciplines, and developed a market-oriented sustainability framework. Beske and Seuring (2014) paper 'putting sustainability into supply chain management' is conceptual in nature. However, unlike Carter and Rogers (2008), the authors draw from literature on sustainable supply chain management and critical accounts on the topic and then identify key aspects of sustainable supply chain and its differences and commonalities with the conventional supply chain management. After drawing on literature review, Seuring and Muller (2008) also gave a conceptual framework for sustainability but they comprehended literature reviews as content analysis, where quantitative and qualitative aspects are mixed to assess structural (descriptive) analysis.

While defining sustainability, Orientation towards sustainability, Culture or mindset of the company and Risk Management are found to be the two most common elements among these papers. These researchers gathered that companies have changed their organizations cultures and

mindsets and argued that company-wide long-range vision is significant in producing internal drive and desire to prompt innovation and change.

Carter and Rogers (2008) argue that firms have core values and cultures and indeed, a sense of purpose beyond the economic bottom line in achieving sustainability. They talk about Organizational culture in terms of being deeply ingrained, Organizational Citizenship and Values and Ethics. While Beske and Seuring (2014) defines Culture in term of mindset of a company that is dedicated to sustainability, incorporated into the strategic level, involves top management support and dedication to Triple Bottom Line and in the end dedication to SCM. They say for sustainable supply chain, sustainability should be rooted in organizational culture, be part of the Mission and require senior and top management involvement. Crittenden et al. (2011) however, use the term DNA in their model while referring to Culture. DNA is the independent construct in the model, capturing the core of both the behavioral and cultural of a market orientation of the firm that tends toward sustainability (or not). They embed the significance in the core ideology of a company.

Strategy very closely linked with culture is also discussed in these papers while describing sustainability. Carter and Rogers (2008) agrees with the notion that an organizations corporate strategy and sustainability initiatives should be interlinked and must not be as separate programs working independently. Many companies stating to be sustainable have claimed that they incorporate sustainability into their core business strategies. While Carter and Rogers (2008) emphasized on sustainability being integrated part of the strategy, Labuschagne et al. (2005) in presenting their conceptual framework, specifically labeled the first level of the proposed

sustainability assessment as the "corporate responsibility strategy" which is prerequisite for all sustainability is a strategy. The framework then divides the corporate responsibility strategy into two; operational initiatives and societal initiatives.

As mentioned above, most researchers have talked about Risk Management as being crucial for gaining sustainability in a company. Risk can be generally defined as the likelihood of a deviation from an anticipated outcome. Supply chain Risk management as defined by Carter and Rogers (2008) includes the ability or a firm to manage and understand its economic, social and environmental risks in the supply chain. Organizations are increasingly including risk management as part of their sustainability programs.

Carter and Rogers (2008) discussed risk management as being more related to overall sustainability of a business (relating mainly to the scarcity of natural resources used as inputs to the supply chain and variations in energy costs) while Seuring and Muller (2008) and Beske And Seuring (2014) describe risk management from the internal perspective (risks associated with suppliers of the focal company). Supporting that, Carter and Rogers (2008) argues that focus on short- term financials is not sufficient, risk factors such as harm resulting from its products, environmental waste, and worker and public safety should be taken into much consideration. They also talk about biodiversity loss, climate change, freshwater scarcity, food insecurity, and population growth. Seuring and Muller (2008) on the other hand focus on the differentiation of barriers and supporters for implementing sustainable supply chains and the important role of management in managing risks. Beske And Seuring (2014) however, support that SSCM practices are prone to higher risks than conventional SCM. The risks that they look at includes,

supply chain disruption due to a smaller supplier base or reputational loss as well social and environmental risks.

The three papers talk about risk management from different perspectives; nonetheless, they all have mentioned solutions to manage or reduce these risks, giving their frameworks a stronger support. Carter and Rogers (2008) states that supply chain risk management can be achieved through contingency planning and developing more flexible and agile supply chains. While Seuring and Muller (2008) are of the view of applying Suppliers Evaluation Schemes and Comprehensive Supplier Audits in order to deal with Risk Management. Beske and Seuring (2014) talk about the adoption of Standards and Certification for suppliers and sometimes even for customers, role of Pressure groups and engaging in long term relationship with partners (SC partner selection).

Only Carter and Rogers (2008) talk about transparency as being an important facet of sustainability in their research. In order to be legitimate and build reputation, companies need to open their operations to the greater public and be more visible and transparent to the local communities and external stakeholders. They talk about transparency not only in terms of reporting to the stakeholders, but using their feedback and actively engaging them to improve supply chain processes. Due to the widespread of Internet and supply chains being global which has led to a flat world, I believe, this is no more an issue. Companies are much aware of the fact that their wrongdoings cannot be hidden and will become very risky for the future of the firm. This might be an important issue a few years back, but not any more.

Seuring and Muller (2008) specifically talked about supply chain management (dealing with issues across all companies involved in the supply chain) in their framework for sustainability. It involves cooperation and partnerships among the different actors of the supply chain as suggested by the authors. One of the most relevant issues was the identification of chain-wide communication.

The role of Performance management is also discussed in the papers for achieving sustainability. Seuring and Muller (2008) argue that the first step is to avoid risk and second step is to improve overall performance. Crittenden et al. (2011), however in the article, clearly mentions the importance of both the financial (corporate financial performance) and non-financial (corporate social performance) performance. The relationship between performance and market orientation has been observed in the literature. Performance management is considered as the third and dependent construct in the model and is stated to be observed from both metrics; financial as well as social metrics.

In sustainability frameworks, dynamic capabilities also came up as mean to achieve sustainable supply chain. Crittenden et al. (2011) describe dynamic capabilities as representing a complex processes across a firm that can be develop in different fields and at various levels of organizational activity. These dynamic capabilities are also refer as core competencies, collective skills, firm's capabilities, complex routines and best practices. The paper argues it to be customary action patterns that are linked to performance measures. Crittenden et al. (2011) placed it under 'DNA' construct of the framework thus reflecting upon its significance.

Crittenden et al. (2011) also discuss the role of stakeholder involvement in their market-oriented sustainability framework. Many researchers have talked about stakeholder involvement at different points in their research papers but only Crittenden et al. (2011) gave it a separate construct in the model. However, they too, look at it as a moderator between DNA and performance management. They argue that though stakeholder involvement in sustainability practice is often indirect, firms are likely to be more engaged in sustainable business process if stakeholders are interested in and adapt to sustainability practices.

Continuity and collaboration are the two elements that are only discussed by Beske and Seuring (2014) in their framework. Continuity is placed on a second stage where the structure of the supply chain is established. Collaboration is placed on both structural and operational levels of the model. Beske and Seuring (2014) discuss continuity in terms of Supply Chain Partner Selection (Performance of supply chain might be limited by the weakest link), Supply Chain Partner Development and Long-Term Relationship (with at least the key partners) in order to develop trust and common goals. All of these will lead to competitive advantage as stated in this paper. All of these factors are also linked to risk management as providing solutions to manage risks. Collaboration, giving the basic advantages of trust and cost efficiency is emphasized on enhanced communication, logistical integration (direct involvement of customers and suppliers in forecasting and planning), technological integration and joint development. Collaboration also refers to Cater and Rogers (2008) transparency point but just as transparency; collaboration is necessary for the success of any business or s conventional supply chain and not just sustainable supply chain.

Sustainable firms are considered proactive as stated by Beske and Seuring (2014). They talk proactivity in terms of learning, shareholder management, innovation and life- cycle assessment of sustainable products and services. Proactivity here is also linked to stakeholder involvement category of Crittenden et al. (2011) proposed framework claims to lead towards unique opportunities like first-mover advantages, developing new markets, potential for competitive advantage and increasing the customer base. These practices are clearly distinguishing conventional supply chain from sustainable supply chain management.

Societal engagement as mentioned by Crittenden et al. (2011) in their market-oriented framework involves the proactive development of strategies that benefit stakeholders and the organization. This means that societal engagement is not just "giving back" to society but is also a source of competitive advantage.

The variables outlined by E. Hassini et al. are not shared by any of the researchers being discussed in this paper. They envisage six variables representing the major relevant functions within the supply chain. They state that Sourcing and Transformation are critical; putting pressure on the upstream suppliers to adapt to greener practices by the focal company. This view is also shared my Seuring and Muller (2008) in their proposed sustainability framework where focal firm forces the suppliers to follow green practices after being pressurized by different pressure groups. However this is an external perspective and adapting to green practices might mean higher cost for the firm.

Important decisions are highlighted by E. Hassini et al. (2012) while discussing delivery process in their framework. These include the mode of transportation, choice of facilities layout and location, inventory management etc. The decisions on an ideal basis should encompass sustainability considerations into them. Customer's education in using and choosing which products to use plays an important role in sustainability framework. Their decision of what to do with the product when the useful life is over is crucial as well; whether they abandoned it to a landfill, recycled into raw materials, reused or returned or re-manufactured for consumption.

Passing higher costs onto the consumers without educating them about the benefits of green products and services is highly discouraged by E. Hassini et al. (2012). They suggest to properly justifying the value proposition of sustainable products in order to encourage their sales through marketing and PR. Issues related to reuse, recycle or return are discussed as the final variable in sustainable supply chain framework. Yet again customers might not show willingness or acceptance to such practices.

Seuring and Muller (2008) address Supplier Management, particularly addressing issues at the supplier-buyer interface. According to this topic, supplier evaluation and development emerged as the most important topics in achieving sustainability.

Chapter 3: Quantitative Approach

Research Hypotheses Development

Emphasizing on the importance of people, Bell and Stellingwerf (2012) noticed that sustainable business endeavors involve highly motivated business owners who are devoted towards solving social problems. These owners then pay attention towards human resource management in terms of hiring, continuous development and training of the right people within the organization. The researchers also highlighted the significance of maintaining a trust-based and reciprocal relationship with those involved in the business. Sustainable business need to make sure that any sort of exploitation (involving workers, community or partners) should not happen in their firm. This notion also holds its importance in the fact that in the past studies, there has been a growing interest in socially responsible enterprises; one that shows maximum safety at each level (working conditions), focus on product quality and innovation, have an effective conservation with stakeholders and work towards development of responsible citizenship (Perrini, 2005). Pearce and Doh (2005) believe in joint projects generating value for both private and nonprofit participants. In this frame of mind, focusing on the first pillar of the TBL, hypothesis one can be generated.

H1: Sustainable business approaches towards people generate a significant positive influence on business performance.

According to the TBL framework, sustainable business practices leads to a profit that caters to both general and specific benefits (i.e., local community, society, respectively organizational benefits). Drawing from Cohen and Winn (2007) it can be said that the importance of how future goods and services are discovered, established, and exploited, by whom, and with what economic, psychological, social, and environmental consequences depends on the owners approach towards sustainability. They underline the need for a multi-facet evaluation of how sustainable new businesses perform financially, by following a general benefit-driven perspective.

The assessment of companies adopting sustainable practices should consider the economic welfare goal (Munoz, 2013). It means that these companies shall bring into existence those innovative products, processes and services that contribute to sustain the development of society and the environment and thus improve the well being of future generations. At this point, Margolis et al. (2016) contributed that firms that are financially performing well are more involved in engaging in social performance, in terms of risk mitigation (reputational damage causing harm to financials), external expectations, reciprocity and guilt. Therefore, the profit goal in this research is linked to the generic benefits for stakeholders as people, groups, companies, communities or any entity who may or are affected by the firm (Mitchell et al., 1997).

According to Gerlach (2003), an owner's effort towards achieving collective benefits, protecting communities and working towards network development is driven by the his or her perceptions of desirability and feasibility (influenced by personal, situational and cultural factors) and by

accepting them as business performance inputs. Building on this logic, hypothesis says that;

H2: Sustainable business approaches towards long-term collective benefits generate a significant positive influence on business performance.

The consideration of environment in sustainable businesses involves the need to address biodiversity and protection of environment when conducting business operations (Bell & Stellingwerf, 2012). Schaltegger and Wagner (2011) suggested that environmental goals can be achieved through innovative means by making environmental progress part of their core business. These authors introduced a new way of doing business to enhance the social and environment health by connecting environmental progress to market success. Other authors state that businesses become co-creators of the environment in which they operate, work towards building their own networks and try to create changes in the system to enhance the performance (Woolthuis, 2010). Based on these standpoints, it can be inferred that:

H3: Sustainable business approaches towards environment protection generate a significant positive influence on business performance.

Theoretical framework

According to the depicted theoretical developments and advanced hypotheses, the current paper will address, in the context of Pakistani SMEs, the following research model (Figure 3.1).

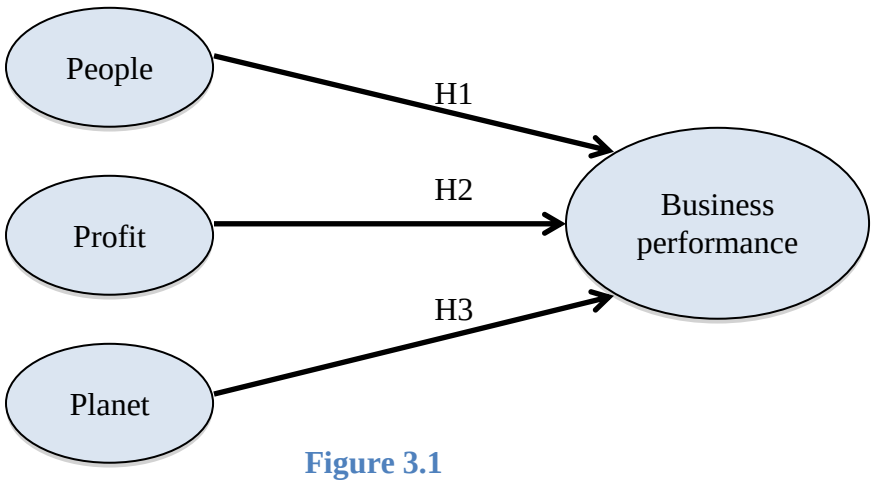

Figure 3.1

Chapter 4: Research Methodology

Design of the Study

The first part of the study is designed to analyze different sustainability frameworks based on the triple bottom line approach (TLB). Various papers on the term sustainability (not being consistent in the literature) have been studied and explored. This research is qualitative in nature with the comparative analysis as the outcome of the research, comparing different dimensions of these models, their advantages and disadvantages and how do researchers justify each of them. The detailed analysis is already been mention in chapter 2.

The second part of this paper deals with quantitative research. Hypothesis is tested to evaluate the impact of different dimensions of sustainable business on business performance measured in

terms of competitiveness, effectiveness and profitability. The model is theoretically based on triple bottom line approach and examines the impacts of sustainability (people, profit and planet) in the SME sector of Pakistan. A Survey was conducted to address the problem statement. Details of this are mentioned below.

Instrument development

The instrument used for the data collection was a survey questionnaire comprised of structured close-ended questions. The survey items mainly addressed perceptions and attitudes (generally referred as "approaches") related to sustainable business approaches as they were formerly theoretically discussed.

The questionnaire had two sections. First section consists of demographic information, addressing the personal and firms' relevant information. These include business owner's level of education, age bracket, their core business, sub sector, and number of employees their firm have. A synopsis in this regard is presented in Table 5.1 in the analysis section.

The second section includes the questions that fall into the model's multi-item constructs as presented in Table 4.1 below. All questions were adopted using the five Likert scale (Likert, 1967).

Construct	Variable	Item	Source
People	People-workforce (PE_W)	*It is important for our firm to contribute to the welfare of the workforce.*	Francesco (2005), Gerlach (2003)
	People-community (PE_C)	*It is important for our firm to be actively involved in the community development.*	Schaltegger & Wagner (2011), Martinez-Ferrero & García-Sánchez (2015)
	People-partners (PE_P)	*It is important for our firm to build long-term cooperative relationships with partners in our market(s).*	Hapenciuc, et al. (2015), Pearce & Doh (2005), Fink, et al. (2008)
Profit	Profit-benefits (PR_B)	*Our products and/or services yield economic benefits to the larger community*	Cohen & Winn (2007), Gerlach (2003)
	Profit-networks (PR_N)	*It is important for our firm to operate within business networks for achieving tenable economic goals.*	Woolthuis (2010)
Planet	Planet-environment (PL-E)	*Our products and/or services are meant to be harmless in terms of environmental issues.*	Bell & Stellingwerf (2012),
	Planet-resources (PL_R)	*It is important for our firm to adopt responsible policies in terms of material and energy resources usage.*	Crowther & Aras (2008)
	Planet-technologies (PL_T)	*In the current activities, we try to rely on green technologies as much as possible.*	Schaltegger & Wagner (2011), Kirkwood & Walton (2010)
Business Performance	Business-profitability (BP_P)	*In terms of yearly turnover, our business may be described as profitable.*	Pedro, et al. (2016)
	Business-effectiveness (BP_E)	*In terms of customer attraction and retention, our business may be described as effective.*	Pedro, et al. (2016)
	Business-competitiveness (BP_C)	*In terms of market share (considering direct competition), our business may be described as competitive.*	Pedro, et al. (2016)

Table 4.1

The proposed indicators for each category relied on previous conceptualizations and measurement scales employed in the organizational frameworks (Sources are mention in table 4.1). The dependent variable (business performance) of the research model relied on a subjective measures assessed in terms of turnover, customer attraction and retention and market share.

The figure below shows the details of this multi-construct model.

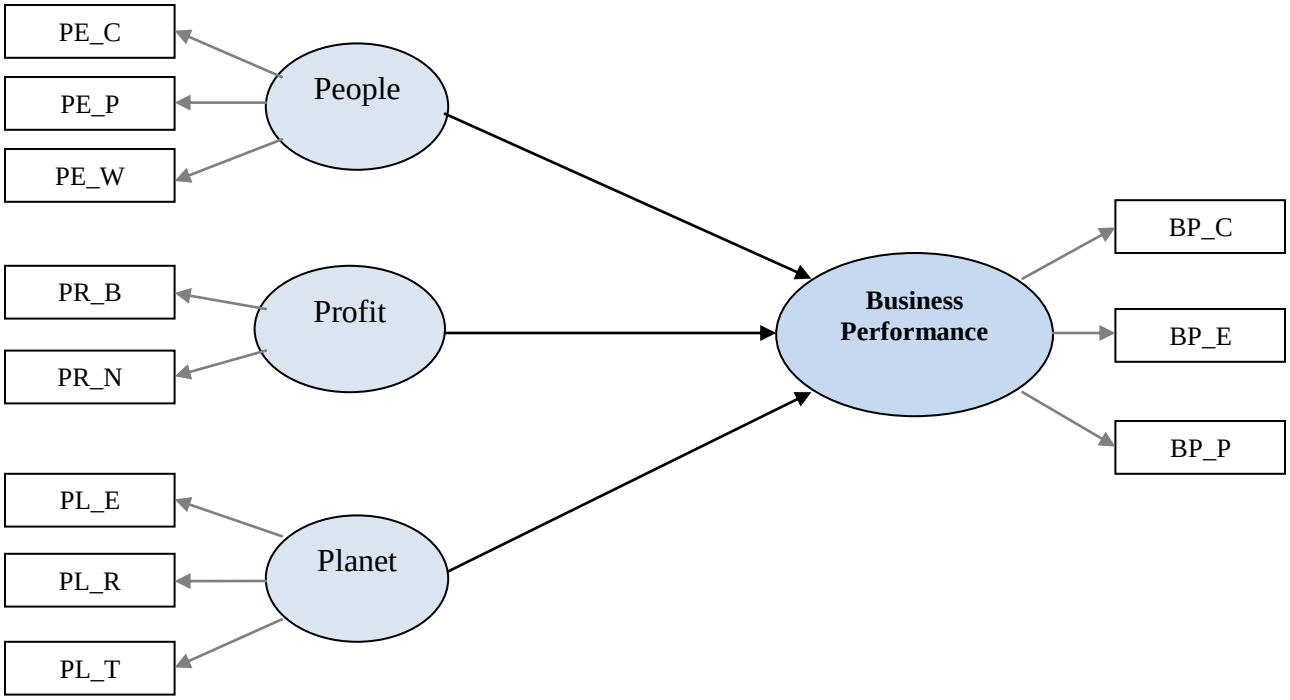

Figure 4.1

Population and Sample Size

For the first part of the research paper, secondary sources of data were collected to do further study. Articles from secondary sources were searched and studied, reputable journals were accessed and studied, past relevant researches of reputable researchers were studied and books relevant to the topic were also studied. All these sources provided basic information and insight to make further research on sustainability frameworks by implementing triple bottom line method and helped in carrying out detailed analysis.

For the quantitative research, the target population chosen was the small and medium sized enterprises of Pakistan. According to SMEDA, small and medium enterprises (SMEs) are defined as firm having employees up to 250, paid up capital up to Rs. 250 million and sales up to

Rs. 250 million. The List of SMES and their contact information was retrieved from the database of State Bank of Pakistan and SMEDA. The population for the research includes the SME's business owners in Pakistan that are either in Manufacturing or Wholesale & Retail or Social & Community Services business.

For the sample, region chosen to represent this population were the major cities of the Punjab (Lahore, Rawalpindi, Multan, Gujrawala, Sailkot and Faisalabad). 165 samples were needed to be collected in order to represent whole of Pakistan (Confidence Level 80%, Margin of error 5%, population proportion 50%). Out of these 107 were needed to represent Punjab (164*65.4%). Assuming a response rate of 70%, around 152 firms were contacted to take part in the survey. Selecting firms based on accessibility, convenience sampling techniques were adopted during the research.

Pilot Testing

A pilot test of 30 respondents was conducted from the owners of different SMEs in the target population. The result of pilot test indicated that all the items of the survey were reliable showing high level of internal consistency for all variables. Cronbach's Alphas are greater than the threshold of 0.7 (Nunnally, 1978). The details of results are mentioned in chapter 5.

Data Collection Method

Primary sources of data were examined using adapted questionnaire as the instrument to collect data. The List of SMEs and their contact information was retrieved from the database of SMEDA and State Bank of Pakistan. As mentioned before, convenience sampling strategy was adopted. A total of 152 Pakistani small and medium firms were contacted to take part in a survey concerning

the influence of sustainable business approaches on business performance. They were personally asked to take part in the survey on phone. The questionnaires were either filled in person or sent to the owner's emails after initially receiving their consent to be part the research. The questionnaire consisted of closed-ended questions and the constructs were measured on five-point Likert scales which ranged from "very untrue" to "very true" (very true= 1, untrue =2, neither untrue nor true =3, true =4, very true=5). 117 questionnaires were retrieved, with 102 being valid ones, yielding the response rate of 67%.

Statistical Tests used for Data Analysis

The tests used in this research paper to check the validity of the hypothesis and to find results of the research, were Frequency of Demographics questions, Cronbach's alpha, Descriptive statistics, Correlation, Multicollinearity (Various Inflation Factor) and multiple regression. SPSS version 20.0 is used to perform these tests.

Chapter 5: Findings, Analysis and Discussion

		N=102
Core business		
	Frequency	Percentage (%)
Manufacturing	72	70.6
Wholesale & Retail trade	14	13.7
Social & Community services	16	15.7
Sub-Sector		
Grain mill products & animal feed producers	13	12.7
Meat, fruits, vegetables, oils & fats	8	7.8
Motor vehicles & trailers auto parts manufacturing	11	10.8
Bakery & Confectionary Products	12	11.8
Glass & Ceramic industry	12	11.8
Textile fabric	16	15.7
Sales, Maintenance & repair of motor vehicle & motorcycles	14	13.7
Education	9	8.8
Health & Social work private sector hospitals	7	6.9
Age		
21-30 years	5	4.9
31-40 years	40	39.2
41-50 years	40	39.2
51-60 years	17	16.7
No. of Employees		
0-9	29	28.4
10-24	55	53.9
25-50	16	15.7
51+	2	2
Education		
Some primary school	4	3.9
Primary school completed	9	8.8
High school	33	32.4
College/Bachelor	42	41.2
Post graduate	14	13.7

Table 5.1

Demographics

Business owners were asked to provide information about their age, education level, in which core business their business falls and number of employees they employ. Most of the business owners fall within the age bracket of 31 to 50 years in my survey research (Table 5.1). For most of the sectors, due to the nature of the work, high level of education is not considered as a major factor for business owners (except for in Education and Private sector hospitals) still the results in my analysis find out that most of the respondents have either completed their high school or have a college or bachelor degree. 53.9% of these SMEs employee 10-24 workers. Mostly businesses are run by families that favor family members to undertake organization functions.

Reliability (Cronbach's Alphas)

Variable	Number of items	Cronbach's Alpha
People	3	.749
Profit	2	.814
Planet	3	.707
Business Performance	3	.814

Table 5.2

To check the reliability of the questionnaire, Cronbach's Alphas was used. For the reliability of the questionnaire, the variables cronbach's alphas should be greater than 0.6 according to Sekaran (2006) and greater than 0.7 according to Nunnally (1978). In this case, cronbach's alphas are greater than 0.7 for all the four variables i.e. the 'people' variable measured against

three items (α=0.749), the 'profit' variable measured against two items (α=0.814), the planet variable measured against three items (α=0.707) and the 'business performance' variable measured by three items (α=0.814). Therefore, the instrument for data collection was found to be reliable.

Descriptive (Skewness and Kurtosis)

Descriptive Statistics

	N	Mean	Std. Deviation	Skewness	Kurtosis
People	102	3.8105	.85017	-.671	-.018
Profit	102	4.1127	.73763	-.909	.525
Planet	102	3.7451	.65363	-.771	.876
Business Performance	102	3.5850	.92685	-.638	.029

Table 5.3

The table above shows the values of descriptive statistics. The normality of data was tested before testing the hypothesis of the study and it was found that the data is normal. All the values are within the limits i.e. the value of kurtosis (measuring the peak) between -3 to +3 and skewness (looking at symmetry) between -1 to +1. The value of mean, standard deviation, skewness and kurtosis for people (M=3.81, SD=0.85, Skewness=-0.671, Kurtosis=-0.018). The value of mean, standard deviation, skewness and kurtosis for profit (M=4.11, SD=0.737, Skewness=-0.909, Kurtosis=0.525). The value of mean, standard deviation, skewness and kurtosis for planet (M=3.74, SD=0.65, Skewness=-0.771, Kurtosis=0.876). The value of mean, standard deviation, skewness and kurtosis for business performance (M=3.58, SD=0.926,

Skewness=-0.638, Kurtosis=0.29). All these values of descriptive statistics fall within limits of skewness and kurtosis hence the data is normal.

Correlation (Pearson Corelation)

Correlations

	1	2	3	4
1.People	1			
2.Profit	.061	1		
3.Planet	.312**	.218*	1	
4.Business Performance	.656**	.255**	.276**	1

Table 5.4

Pearson correlation has been used to find out the correlation among the variables in order to determine the direction, significant and strength of the variables. All the independent variables in the study are positively correlated with the dependent variable (Business Performance). Also, the correlations are significant.

People has a significant positive correlation with business performance ($r=0.656$, $p<0.05$). Also, the correlations between Profit and business performance ($r=0.255$, $p<0.05$) and Planet and business performance ($r=0.276$, $p<0.05$) are positive as well. The positively and significance correlations show that the variables are moderately associated and has moderate proportionality among them. It also means increase in one independent variable will lead to increase in the dependent variable (business performance).

Multicollinearity (Variance Inflation Factor)

	Coefficients				
	Unstandardized Coefficients	**t**	**Sig.**	**Collinearity Statistics**	
	β			Tolerance	VIF
People	0.69	8.236	0.000	0.903	1.108
Profit	0.263	2.799	0.006	0.953	1.05
Planet	0.046	0.416	0.678	0.863	1.159

Table 5.5

The extent of multicollinearity among constructs was assessed using a variance inflation factor (VIF). According to Diamantopoulos and Siguaw (2006), VIF values below 3.3 points towards the absence of multicollinearity. Based on the coefficients output, the VIF scores ranged from 1.05 to 1.159 (below the threshold value of 3.3), confirming that multicollinearity was unlikely to be a matter of concern in the data.

Regression Analysis and Discussion

Hypothesis	**IV**	**DV**	**R^2**	**F**	**β**	**t**	**Sig.**
H1	People				0.690	8.236	.000
H2	Profit	Business			0.263	2.799	.006
H3	Planet	Performance	0.478	29.86	0.046	0.416	.678

Table 5.6

In the above table, the R^2 value exceeds 0.45, suggesting a substantial model, as the value exceeds the threshold of 0.35 (Hair et al.). This indicates that the model's independent variable (3P's) accounts for 47.8 percent of variance in the business performance in terms of competitiveness, profitability and effectiveness when applied to the context of Pakistani SMEs.

F-test was also applied to check the model fitness. Since the p-value of the overall F-test is significant ($F=29.86$, $p<0.05$), the model was fit for regression. In order words since the P value of the overall F-test is significant, the regression model predicts the response variable better than the mean of the response (the intercept-only model).

The beta between People and Business performance ($\beta=0.69$) shows that with one unit change in people dimension will cause 0.69 unit change in business performance. The beta between Profit and business performance ($\beta=0.263$) shows that with one unit change in Profit will cause 0.263 units change in business performance. The beta between Planet and business performance ($\beta=0.046$) shows that with one unit change in Planet will cause 0.046 unit change in business performance.

Hypothesis testing is done to answer the research questions and the acceptance or rejection of the hypothesis is dependent on the regression analysis conducted on the data. The regression was applied in order to follow the scope of the hypothesis. For this model, multiple regression is applied.

In terms of people, significant positive influence on business performance by sustainable business approaches has been observed ($t = 8.236$, $p < 0.05$). Hence, hypothesis 1 is accepted. This condition is consistent with the theory and the results of other similar studies that states positive effect of sustainable business actions on people including employees, partners, other stakeholders etc. (Hapenciu et al., 2015; Perrini, 2005; Gerlach, 2003).

Furthermore, the investigation of the second hypothesis yields that sustainable business approaches towards long-term collective benefits have a positive impact on business performance. In other words, the owner's openness and inclination towards yielding long- term benefits to the larger society and working within business networks for achieving tenable economic goals have a significant positive influence on business performance. This is suggested by the results ($t=2.799$, $p < 0.05$). The literature review is also of the same opinion as of these findings in the context of Pakistani SMEs (Muñoz, 2013; Gerlach, 2005; Woolthuis, 2014) thus, accepting the second hypothesis.

Though the planet issues play a very vital role in the equation of sustainable business, this research does not support a significant relationship between the assumption of environment protection and business performance ($t=0.416$, $p > 0.05$). Thus, when investigated in the context of Pakistani SMEs, the third hypothesis of the study is rejected. Here, the results are not consistent with the work, Kirkwood and Walton (2010) and Bell and Stellingwerf (2012), etc. They all talked about environment having a significant positive impact on business performance either in terms of harmless products and services or responsible policies regarding material and energy resources usage or the exploitation of green technologies or all of these. One explanation

may exist in the fact that businessmen in Pakistan are yet to develop environment responsible attitudes. Some might think that spending on the environment will somehow increase their cost thus affecting the profitability in the negative way. Furthermore, businessmen in Pakistan most of the time are less adaptive to change and usually don't have strong ethical principles in their business decisions.

However, nowadays, many NGOs are working towards environment protection. Government is also working towards making policies and educating people so as to change the overall organizational culture of SMEs. SMEDA the flagship organization of Pakistan and many others like CSR Association of Pakistan, Sustainable development policy institute (SDPI), Responsible Business Initiative (RBI) Pakistan are all working on this issue. They are providing Business Development services to SMEs in all areas of business management in order to nourish them in sustainable way.

Developing countries are more inclined towards economic and philanthropy dimensions of CSR than the environmental dimension according to Centre for Economic and Social Development (2014). The main reasons include the immature concept of CSR, high rate of unemployment, and prevalence of poverty, which have led to the orientation of the philanthropic lifestyle in these economies. Possible solution to achieve a sustainable development would be to focus on policy reforms and reconstruction that promote a sustainable business model and a broad implementation of corporate social responsibility.

Other reasons creating difficulty for SMEs in Pakistan to adopt sustainable practices include the lack of;

- Resources, time and money
- Capabilities, skills and knowledge
- Awareness of issues, risks and regulations
- Training need analysis (TNA)
- Strategic and holistic thinking
- External communication (networking)
- Flexibility (fear of change)

Chapter 6: Conclusion and Recommendations

Theoretical and Practical Implications

This research paper adds to the existent literature as the relationship between these sustainability approaches and their impact on business performance has been scarcely addressed in the context of SMEs. Authors and researchers have been mainly interested in studying the case of larger organizational actors namely corporations, highlighting the implications and importance of CSR policies and best practices. Furthermore, a detailed study on SMEs businesspeople in developing countries (as Pakistan) had yet to be conducted.

There are many aspects of this research that may be considered important from theoretical and practical implications point of view. First of all the study shows a positive business approach towards people and profit (within the TBL framework) in Pakistani SMEs. This might serve as a

prerequisite of future business conduct or as a starting point for companies working towards the development of the SME sector in Pakistan. This survey of 102 Pakistani SMEs reveals that even in developing countries like Pakistan, the concept of sustainability as at least adopted the idea of social and economic elements working together for long-term company performance. This means that economic and non-economic goals are simultaneously considered among business priorities and carry out themselves as a counterforce to sheer profit-driven actions.

Secondly, from a more practical perspective, the findings of this study are far reaching allowing trainers, consultants, NGOs, and other companies to use this knowledge and develop and train SMEs to adopt these in their operations. Also, these findings can be set as a frame of reference for new entrepreneurs interested in exploiting the market dynamics and bringing new solutions. They can acknowledge the fact that a positive approach towards people (social) and collective benefits will yield them long-term firm performance. They should be adopting sustainable business models; ones that are based on value co-creation at the individual, group and community levels.

Furthermore, the findings of these research can be further investigated and used to develop a business model tailored for the needs of SMEs with the aim of achieving sustainability goals and thus, encouraging them towards sustainability reporting.

Conclusion

For the first part of this paper we have seen that all the frameworks in above mentioned articles are well in line with the standard three-dimensional conceptualization of sustainability

management, but some rather stays on a very general level. This is one of the major critiques of Carter and Rogers (2008) as well. In their review, they carry on by mentioning five propositions mainly addressing links between sustainability and SCM. The framework offers a valuable outline of related issues but falls short in presenting related variables (Seuring, 2010). Both the sustainability and the supply chain management related conceptualization stay on a general level. In addition to all this, research 2015 onwards is based on Ecologically Dominant Logic in which in case of tradeoffs priority to protect the environment, then society and then consider profits is mention. This theory gives a new direction to the sustainability approach but how much of it can be applied to practical business, especially in an economy like Pakistan is another question.

For the quantitative approach, assuming the rationale of market disequilibria and the need to embrace responsible and balanced behaviors, research was conducted to test the approach of Pakistani SMEs regarding the Triple-Bottom-Line. Here it was concluded that two out of the three proposed hypotheses are accepted thus confirming that there exist a positive relationship among sustainable business approaches towards people and profit dimensions and business performance in the case of the Pakistani SMEs.

However, it should be noted that all three factors (people, planet and profit) combined are integral to sustainable development. These should become input to the strategic goals of business enterprises rather than becoming the outcome of business operations. The interest of all stakeholders (society and the environment) is needed to be integrated in the development, planning, and the implementation of business operations. The next question however is whether SMEs can actually afford it to do business in a sustainable manner. Well to be honest, the

smaller financial resources of SMEs are not a prohibitive cause. Lack of time and lack of awareness are. SMEs should select a simple and effective format that is tailored to their needs. They should also look at the return and the opportunity costs of a sustainability strategy rather than the financial costs.

Limitations and Future directions

As with any other research, the inclusion of further improvements would benefit this study. Firstly, by adding more focused and detailed measures of the present constructs, the research model used in this paper can be improved. In addition to that, the items assigned to measuring TBL constructs in the research focus on the business approaches (perceptions, attitudes, beliefs) and not their actual conducts. The evaluation of these perceptions gives a staring point in assisting enterprises to adopt sustainable practices. However, a future study using another multi-item framework would be performed in the future to gauge the behavioral aspects of these firms. Secondly, the research model can be further improved by including other variables and constructs that are not considered at this point. The current model in based on the assumption that there are only three major relationships between the latent variables. However, the addition of other factors or moderating effects can further refine the methodology design and the findings. One such example could be the moderating role of culture, or the inclusion of controls like the company size, or the inclusion of innovation factor. All these would be relevant in this topic.

Thirdly, examination of the proposed hypotheses on larger samples or focusing on only one or two sectors within the SMEs in this context would make the analysis more accurate and would give a much clearer outlook. Inclusion of some qualitative questions could help in finding the

actual causation the results. Fourthly, this survey might not reflect the views of practices of SMEs in other regions of Pakistan; therefore, conducting survey in other regions of Pakistan will whether validate the results. Finally for conducting confirmatory analysis, theoretical developments beyond the scope of triple bottom line (including factors like business strategy, business planning) would be recommended.

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