



University of
New Haven

University of New Haven
Digital Commons @ New Haven

Management Faculty Publications

Management

2012

Sustainability as a Small Business Competitive Strategy

Abbas Nadim

University of New Haven, ANadim@newhaven.edu

Robert N. Lussier

Springfield College - Springfield, MA

Follow this and additional works at: <http://digitalcommons.newhaven.edu/businessmanagement-facpubs>



Part of the [Business Administration, Management, and Operations Commons](#)

Publisher Citation

Nadim, A. and R. Lussier, "Sustainability as a Small Business Competitive Strategy," (2012), *Journal of Small Business Strategy*, V.21,N2, 79-95.

Comments

Posted by permission of the publisher, the National Small Business Institute.

SUSTAINABILITY AS A SMALL BUSINESS COMPETITIVE STRATEGY

Abbas Nadim

University of New Haven
anadim@newhaven.edu

Robert N. Lussier

Springfield College
rlussier@spfldcol.edu

ABSTRACT

In our global village, sustainability has been an important topic for all countries, and small businesses can create a competitive advantage through developing sustainability strategies. This conceptual article extends the current literature by presenting the case for small businesses to become integrated in the surrounding community and to make sustainability a strategic long-term competitive advantage and a critical co-producer of its long-term success. Implications and the need for further research are discussed.

Keywords: small business, community, sustainability, sustainable strategic management (SSM)

INTRODUCTION

Cohen and Winn (2005) found the entrepreneurship literature on sustainability to be rather thin, and the changes achieved today are only incremental. Our literature search for “small business and sustainability” and “entrepreneurship and sustainability” resulted in hundreds of matches. However, reviewing the abstracts indicates that most of them do not address small business and sustainability as a competitive advantage for long-term success. In 2008, the *International Journal of Sustainable Strategic Management*

started publication. However, a review of the articles found that the focus is on large businesses’ sustainable strategic management (SSM); no articles were found regarding small business SSM. Current research primarily focuses on environmental and ecological points of view (Parnell, 2008). More to the point, many of the articles focus on corporate social responsibility issues and are not based on U.S. data.

Generally, the perception of many small business owners is that they have more pressing issues to deal with in order to stay

alive and be profitable, and that sustainability is not a strategy that they might actively pursue. In this article, we present the case for small business to get integrated in the local community and to make sustainability a foundation for competitive advantage and a critical co-producer of long-term success.

We begin with a foundation explaining the importance of community and the need to sustain it through the relationship with small business by developing sustainability strategies that contribute to the success of both entities. The second section describes sustainability and sustainability entrepreneurship. The third section discusses sustainable development including codes of environmental conduct and examples of green management strategies. Our last section provides discussion and implications with recommendations for further research.

COMMUNITY AND SUSTAINABILITY STRATEGIES

The Need for Local Community

Relations. In JSBS, Michael Porter (1998) discussed the importance of the local community and the need for small business to create competitive advantage.

Community benefits from small business have been well documented (Arikan, 2010; Kobeissi, 2009). The use of community collaborative relationships with external parties as a competitive advantage has been strongly supported by researchers (De Clercq & Rangarajan, 2008; Fitzgerald, Haynes, Schrank, & Danes, 2010; Niehm, Swinney, & Miller, 2008; Pirolo & Presutti, 2010; Sorenson, Folker, & Brigham, 2008).

Community relationships are needed to acquire resources to meet small business needs (Sorenson, et al., 2008), as small

businesses need both equity and social capital to succeed. The need for equity capital has been well documented, and community relations with local bankers can help small businesses get funding (Ames, Romano, & Pham, 2002). The need for social capital, including collaborative network relationships in the local community, has also been well documented (Pirolo & Presutti, 2010; Sorenson, et al., 2008) as effecting small business performance.

An important part of the larger community relations is customer relations (De Clercq & Rangarajan, 2008). Achua and Lussier (2002) found that when national discount chains come to town, small business try to compete head on by lowering prices unsuccessfully, rather than focus on community/customer relations. Hockerts and Wüstenhagen (2010) stated: "We suggested that in the early stages of an industry's sustainability transformation, new entrants ('Emerging Davids') are more likely than incumbents to pursue sustainability-related opportunities" (p. 481). Litz and Stewart (2000) found that personalized customer relationships have a positive effect of small business performance; it is a sustainable small business competitive advantage when competing against scale-oriented competitors.

Community and Sustainability Can Contribute to Small Business Success.

Entrepreneurs start business ventures to generate economic wealth, but many don't succeed (Fiore & Lussier, 2009; Lussier, 1995; Lussier & Pfeifer, 2000, 2001). Success of a venture is uncertain (Carter & Van Auken, 2006); failure is a norm (Jiao, Welsch, & Moutray, 2009). In the U.S. there are over a half million new startups, and around the same number close each

year (SBA, 2011). Understanding of why firms fail or succeed is crucial to the stability and health of the community and economy (Lussier & Corman, 1996; Michael & Combs, 2008; Pompe & Bilderbeek, 2005; Van Auken, Kaufmann, & Herrmann, 2009).

To date, there is no universal agreement on the causes of small businesses success or failure (Rogoff, Lee, & Sub, 2004) because there is great discrepancy in the literature as to which variables do in fact lead to success and failure (Lussier & Halabi, 2008, 2010). The major gap in the current literature is twofold. First, the current focus of success vs. failure research is primarily on identifying a list of internal environmental factors. Organizations face both internal and external obstacles that make survival difficult (Miller, Besser, & Riibe, 2007); however, success vs. failure research tends to focus on the internal environment, such as capital and management. Research supports that the external environment affects the success of small business (De Clercq & Rangarajan, 2008; Lim, Morse, Mitchell, & Seawright, 2010) and that both internal and external factors must be addressed to build sustainable success (Smith, Discenza, & Baker, 2006). Secondly, as already discussed, research supports the importance of the local community to the success of small business. However, we have not found any research that includes the external local community as a variable in a success vs. failure study. Thus, an important missing factor may be the external factors of the local community and sustainability.

The Need for Community Oriented Sustainability Strategies. The need for scanning the environment has been found to influence small business success (Stewart, May, & Kalia, 2008). Research also

supports the importance of the local community environment on small business success (Miller, et al., 2007) and the need for strategic planning for company success (Hodges, & Kent, 2007). There has been a call for small business and entrepreneurship research to address issues that really matter and make important contributions to making the world a better place (Wiklund, Davidsson, Audretsch, & Karlsson, 2011). Shepherd and Patzelt (2011) stated that “sustainable development is perhaps the most prominent topic of our times” (p. 137). Thus, to be sustainable, small business needs the local community, and vice versa. To these ends, we present the case for small business to engage in local community relations and sustainability as strategic initiative for long-term success. Based on the need for a local community sustainability foundation, let’s discuss sustainable entrepreneurship.

SUSTAINABLE ENTREPRENEURSHIP

Social and Sustainable Entrepreneurship (SSE) has become one of the most exciting and fastest growing areas of entrepreneurship (Dacin, Dacin, & Matear, 2010; Di Domenico, Haugh, & Tracey, 2010). In 2004 there were 23 schools in the U.S. that had established centers for Social and/or Sustainable Entrepreneurship. Since then, there has been an explosion of courses in the U.S. and abroad. In addition, there are a growing number of college majors and minors in the field (Brook & Steiner, 2008) and The Academy of Management Learning & Education had a special issue on sustainability (AoM, 2010). The importance of these fields presents a unique strategic choice for small businesses and their success. Community and small businesses are the two sides of the same coin. Local communities and small businesses should

work together for their long-term sustainability (Shepherd & Patzelt, 2011).

Sustainability. “The phrase corporate sustainability is increasingly prevalent in both the industry press and management journals” (Gallo & Christensen, 2011, p. 315). Society expects sustainability; . . . “people expect managers to use resources wisely and responsibly; protect the environment; minimize the amount of air, water, energy, minerals, and other materials found in the final goods we consume; recycle and reuse these goods to the extent possible rather than drawing on nature to replenish them; respect nature’s calm, tranquility, and beauty; and eliminate toxins that harm people in the workplace and communities” (Marcus & Fremeth, 2009, 17).

Like many concepts and constructs, there is no one universally agreed upon definition of sustainability. However, one of the most, if not the most, commonly cited definitions of sustainability was developed by the Brundtland Commission. “*Sustainability* is meeting the needs of today without sacrificing future generations’ ability to meet their needs” (Brundtland, 2009). The Brundtland Commission, formally the World Commission on Environment and Development (WCED), was convened by the United Nations in 1983. The commission was created to address growing concern “about the accelerating deterioration of the human environment and natural resources and the consequences of that deterioration for economic and social development.” In establishing the commission, the UN General Assembly recognized that environmental problems were global in nature and determined that it was in the common interest of all nations to establish policies for sustainable development” (WBCDS).

What is Sustainable Entrepreneurship?

Shepherd and Patzelt (2011) called sustainable entrepreneurship a new field of study. Sustainable entrepreneurship research has emerged from the larger body of business environmental and social responsibility research. It views entrepreneurship as a potentially potent tool in shifting socio-economic institutions, both private and public, towards an orientation that contributes to sustainable development. It is a merger between the entrepreneurship and sustainable development agendas. Conceptually, it draws on knowledge from conventional entrepreneurship studies, newer research into social entrepreneurship, and business and environment studies, among others.

Cohen and Winn (2007) also called sustainable entrepreneurship an emerging field. They stated that sustainable entrepreneurship “enables founders to obtain entrepreneurial rents while simultaneously improving local and global social and environmental conditions” (p. 29). Gibbs (2009) “Focused on investigating the role that sustainability entrepreneurship may have in engendering a shift in the practices and operations of contemporary capitalism” (p. 63).

Sustainopreneurship is a concept that has emerged from earlier conceptual development social entrepreneurship and ecopreneurship, via sustainability entrepreneurship (Shepherd & Patzelt, 2011). Among the co-producers of these movements, the ecopreneurs “environmental entrepreneurs who are utilizing green issues as a competitive advantage for their firms” have come to prominence as one of the key players. Gibbs (2009) “focused on a subset of sustainable entrepreneurs termed ‘ecopreneurs’ who seek to combine business practice with

sustainable development and so transform their business sectors” (p. 63). Gibbs stated that “sustainability entrepreneurs are increasingly seen as being in the vanguard of a shift to a new form of capitalist development that can help to address fears over global warming, climate change and their associated negative environmental impacts” (p.63).

The concept of sustainable entrepreneurship is about creating business organizations to solve problems. Small business can utilize social and environmental sustainability as a strategic objective and purpose. In other words, it is a “*business with a cause*,” where the world problems are turned into business opportunities by deployment of sustainable innovations. In short—it is entrepreneurship and innovation for sustainability. Contributing to this new field of study, Shepherd and Patzelt, (2011) offer the following definition: “*sustainable entrepreneurship* is focused on the preservation of nature, life support, and community in the pursuit of perceived opportunities to bring into existence future products, processes, and services for gain, where gain is broadly constructed to include economic and non-economic gains to individuals, the economy, and society” (p. 137). In a briefer definition, Parrish and Foxon (2009) stated: “Sustainability-driven entrepreneurs design ventures with the primary intention of contributing to improved environmental quality and social well-being in ways that are mutually supportive” (p. 47).

Martine, Jouhaina, and Viviane (2011) compared entrepreneurs’ individual values between sustainability-driven and less engaged firms in Canada, Tunisia, and Cameroon and found individual value differences. Sustainability-driven entrepreneurs are more inclined to

implement sustainability strategies. Entrepreneurship based on the principles of sustainability goes beyond a narrow financial scope to a more integrated environmental and social form of wealth (Tilley & Young, 2009), as sustainability-driven entrepreneurs focus on the triple-bottom-line adding profits to create value for their stakeholders (Schlange, 2009). However, external stimuli, such as profitability through savings and government incentives, do help motivate sustainability strategies (Martine, et al, 2011). Government incentives are being used successfully to encourage sustainable strategies e.g. “Washington State Department of Ecology” (Goetz, 2010). Based on our foundation of sustainable entrepreneurship, we now offer a discussion of sustainable developmental strategies.

SUSTAINABLE DEVELOPMENT STRATEGIES

“Environmental, social and economic sustainability is interconnected from the local to global scale. How we use our natural resources impacts business and society and its natural environment on a global bases on an ongoing and sometimes destructive basis” (Call, 2009: 312). Environmental issues are now a major social concern (Berrone & Mejia, 2009), and sustainable development has become one of the foremost issues facing the world (Ambec & Lanoie, 2008). “Sustainability, or multifaceted long-term quality of life, may be the most complex yet vital phenomenon of our time” (Call, 2009: 312).

“Concern about whether the social-ecological processes that provide for human wellbeing can be sustained has given rise to sustainable development as a broad social goal. As a dynamic force for change, entrepreneurship is increasingly expected to

contribute to this goal” (Parrish 2010, p. 510). Proactive sustainability strategies can be used to create a competitive advantage (Delmas, Hoffmann, & Kuss, 2011). Entrepreneurial sustainability strategies can create value for multiple stakeholders (O’Neill, Hershauer, & Golden, 2009), and “sustainability entrepreneurs could potentially be the true wealth generators of the future” (Tilley & Young, 2009, p. 79). In fact, York and Venkataraman (2010) proposed entrepreneurship as a solution to, rather than a cause of, environmental degradation because entrepreneurs are often likely to supplement, or surpass, the efforts of governments, NGOs and large firms to achieve sustainability. Business, society, and governments all need to work to sustain our environment through sustainable development (Call, 2009).

The field of strategic management has seen a rise in the concept of sustainability (Lester, 2008). Sustainable Strategic Management (SSM) is concerned with the development and implementation of strategies that are sustainable from both market and environmental perspectives (Parnell, 2008). The term SSM is evolving from a rudimentary idea towards a more mature framework for managing business organizations in the 21st century as the concept of SSM moves from its simple competitiveness-advantage roots, to doing-well-by-doing-good corporate strategies of today (Stead & Stead, 2008). Again, there is a lack of literature on small business SSM. Dean and McMullen (2007) stated that “entrepreneurship can help resolve the environmental problems of global socio-economic systems” (p. 50). In this section, we discuss the World Business Council for Sustainable Development (WBCSD), codes of environmental conduct, and green management with examples.

World Business Council for Sustainable Development (WBCSD). One of the leaders in the global effort to promote sustainable business practices is the World Business Council for Sustainable Development (WBCSD). Its mission is “to provide business leadership as a catalyst for change toward sustainable development, and to support the business license to operate, innovate and grow in a world increasingly shaped by sustainable development issues” (WBCSD, 2011). The WBCSD is a CEO-led global association of 200 companies from more than 30 countries and 20 different industries, including *IBM, Nokia, Deutsche Bank, Honda, Infosys,* and *Cemex* dealing exclusively with business and sustainable development (WBCSD, 2011).

The WBCSD challenges businesses to manufacture and distribute products more efficiently, to consider their lifelong impact, and to recycle components. It believes that the more eco-efficient companies are more competitive and more environmentally sound. *Eco-efficiency* is defined as companies that add the most value with the least use of resources and pollution. For more information about WBCSD, visit its Web site (www.wbcd.org).

Codes of Environmental Conduct. In line with codes of conduct, organizations also develop codes of environmental conduct, which are helping sustainability (Osagie, 2008). Many companies have developed their own codes or follow the codes developed by other organizations. Here are some example organizations of codes of environmental conduct that small firms can use and/or adapt to their own businesses.

- ISO 14000 Certification is given to firms that meet a series of voluntary international global environmental

performance standards. It has 161 members from around the globe. For more information on the International Organization for Standardization (ISO) and its ISO 14000 Certification standards, visit its website (www.iso.org).

- The *International Chamber of Commerce (ICC)* has developed the *Business Charter for Sustainable Development*, which has 16 principles that identify key elements of environmental leadership and call on companies to recognize environmental management as among their highest corporate priorities. For more information, visit its website (www.iccwbo.org).
- *Others*. In addition to these two multi-industry organizations, there are also industry specific organizations that have codes of environmental conduct including: *Equator Principles* (financial industry), *Forest Stewardship Council Principles* (forest products industry), the *Marine Stewardship Council* (fishing industry), and the *U.S. Green Building Council* (it certifies green building practices for the construction industry).
- *Sustainability reports*. Some businesses, primarily large firms, are reporting to what extent they meet their sustainability goals (Piechocki, 2004).

Green Management. Should businesses undertake sustainability strategies referred to as *green management*? Some people state that businesses should only engage in green management activities that complement the business and pays for itself (Siegel, 2009). Green management pays for itself when the expense of the activity slashes costs and/or boosts efficiency (Plant, 2010). On the other side, some people state that businesses have a moral obligation to go green, whether it

pays is only partly relevant (Marcus & Fremeth, 2009). In another approach, some entrepreneurs have started business ventures to help firms go green. The question is, is a green business a sustainable business (Cosper, 2010)?

Today, most businesses view greening of the environment and greening of economics and financial returns as going hand in hand, hence they are embracing green management (Bennett, 2009). Within the last few years a new title has emerged—Chief Sustainability Officer (CSO). Linda Fisher is the CSO of *DuPont*, and her job is twofold. First, it is to keep operations in compliance with the law and, going beyond that, to reduce our footprint; to increase efficiency and reduce cost. The second part is to find market opportunities that are going to evolve through societal needs—new ventures (Covin, 2009).

We need sustainability going “from natural resource extraction through manufacturing and service delivery processes to material and energy reuse and waste.”

“Organizations have advanced sustainability by implementing the following green management activities: by reducing energy consumption, conserving water supplies, improving air quality, and preserving eco-systems and other community ills.” Firms are going “Green” by: “constructing energy-efficient buildings, installing or upgrading recycling systems, using renewable energy, purchasing environmentally preferable equipment and supplies, and working with one another and with surrounding communities to advance sustainability values” (Call, 2009: 312).

Brief Examples. FedEx, a global supply chain organization, is viewed as an example of a business that has weathered many storms to remain a vital and sustainable

competitor in a fast maturing industry (Lester, 2008). Here are a few specific examples of green management practices by different companies. We realize that the examples are from large businesses, but the literature review did not find any examples from small businesses. However, as stated with the examples, small business can use these ideas as a springboard to generate their own ideas on how they can develop sustainable strategies.

- *Wal-Mart* has been building green stores for a while now, its latest activity is a new “green” environmental labeling program for the products it carries. This program could redefine the design and makeup of consumer goods sold around the globe. The rating will boost costs for suppliers and customers. Customers will eventually see the ratings alongside prices for everything from T-shirts to televisions (Bustillo, 2009). When building new facilities small businesses can consider going green.
- *Dell Computer* has designed its PCs with many recyclable parts and offers free recycling to its customers. Many old computers are taken apart, rebuilt, and sold as refurbished machines (Lawrence & Weber, 2011). Small businesses can recycle their computers.
- *Volkswagen* designs cars for eventual disassembly and reuse. Old cars can be taken apart in just three minutes. Plastics, steel, precious metals, oil, acid, and glass are separated and processed. Many materials are used again in its new cars (Lawrence & Weber, 2011). Small businesses may be able to become outsourcing candidates for part of this process.
- *Nissan* CEO, Carlos Ghosn, hopes to be a first mover by leapfrogging the hybrid cars. The all electric battery-

powered *Leaf* gets 100 miles before it needs to be recharged (Ramsey, 2010). Are people willing to pay more for more sustainable products? By and large the answer is no (Colvin, 2009). So will drivers buy the *Leaf*? Nissan has invested more than \$5 billion in the first version of the *Leaf*. Ghosn expects the *Leaf* to be profitable with global sales of \$500,000 in 2013. Only time will tell if the *Leaf* will turn into a green profit opportunity, or red losses (Ramsey, 2010). Small businesses can buy and sell energy efficient products.

Amazon.com. Below are the categories of “Amazon and the Environment.” Small businesses may be able to copy some of these ideas. For details of each area, go to www.amazon.com and click “Amazon and Our Planet.”

- Frustration-Free Packaging (eliminates hard plastic "clamshell" cases and those annoying plastic-coated wire ties, commonly used in toy packaging)
- Reducing Packaging Waste (reduces excess packaging in its shipments and uses recyclable packing materials)
- Environmentally Friendly Packaging (use of recycled material and shipped containers are 100% recyclable)
- Earth Kaizens (environmental and energy initiatives across all parts of the company.)
- Eco-Friendly Building Design (new corporate headquarters in Seattle will consist of eleven sustainable, eco-friendly buildings, and the campus will include LEED-certified interiors and exteriors)
- Green Products (including EPEAT® (the Electronic Product Environmental Assessment Tool), ENERGY STAR®, WaterSense and USDA Organic.

DISCUSSION AND IMPLICATIONS

Our discussion here complements the current scholarly and consulting activities on small businesses. We urge our colleagues to look at the interaction of the parts of a small business (employees, technology, etc.), the whole (the businesses itself and the way it innovates, plans and creates a competitive advantage), and the way it interacts with its stakeholders and the larger system (the local community.) This complementary approach requires recognition of the need and awareness by the small businesses of its local community in which it operates, and steps they can take to create a sustainable enterprise and a sustainable large community system to depend on.

Because of the interdependence of the small business and its local community, future research can expand the definition of small business to include local community involvement. Also, as discussed, because the local community is proposed as a critical success factor of small business, future research is needed to support or refute the proposition. To this end, further research needs to determine success vs. failure by changing from a strictly internal focus to include other stakeholders, especially the local community and sustainability. For example, future studies could compare differences between those small businesses that were engaged in the local community and used sustainability strategies to firms that did not.

There is a need for further research in Sustainable Strategic Management (SSM) (Parnell, 2008). McCann and Holt (2010) found that “the concepts of SSM remain complex and confusing for employees, leaders and organizations to grasp.” “It is a

challenge for today's organizations to define these concepts and to be able to measure them” (p. 04). For example, the generally accepted definition of sustainability is “meeting the needs of today without sacrificing future generations’ ability to meet their needs.” This is a very broad statement. Therefore, another area for further research is developing an operational definition of sustainability, specifically for small businesses. A major challenge in further research on SSM is accurately assessing and measuring the extent to which sustainability strategies are actually implemented efficiently and effectively (Carragher, Buckley, & Carragher, 2008). Researchers need to determine how to measure sustainability. Also, the definition of a sustainability strategy needs to be measured as a variable to determine relationships with other variables, such as performance and profitability in small businesses. From the small business owners’ position, they need to define sustainability as part of their sustainable strategies.

“Some pundits have gone as far as to suggest that sustainability represents a shift equal in magnitude to the industrial revolution. While perhaps an audacious claim, sustainability nonetheless is capturing the attention of business firms, governments and consumers. Consumers, for example, place the highest burden on business to address sustainability. Surprisingly, however, many executives appear to be unclear as to what their long-term strategy should be, given sustainability” (Galbreath, 2009: 303). Thus, small business owners need to determine their sustainability strategies. The main purpose of any entity, profit or not-for-profit, is to remain viable—to sustain itself and stay alive. It does so by creating and maintaining a competitive

advantage. As discussed, the local community and sustainability are proposed as critical success factors that can create competitive advantages. Thus, we recommend the adoption of these strategies by small business owners and those who consult to them. By adopting these strategies, the small business and local community, as well as other stakeholders, all benefit. However, faced with ever increasing competition, the continuing challenge is to maintain the edge. It requires creativity, innovation, social responsibility, taking roots in the local community and sustainability.

As discussed, there has been limited research in small business and sustainability, and none focusing on sustainability strategies used by small firms. Also, the examples in this article of sustainability are taken from large businesses because we found no literature providing examples in small firms. Therefore, further research is needed. Case studies of small businesses that do use sustainability strategies could provide researchers and practitioners, and those who consult to small businesses, with strategies and examples of successful stories that can lead to benchmarking and best practices. Also, as stated earlier, some business advisers and banks interfere with the pursuit of sustainability practices (Schick, Marxen, & Freimann, 2002,) thus they need to be educated to understand that sustainability strategies can be a competitive advantage and help small business develop and implement sustainable strategies.

Sustainability is generally regarded by small businesses as not necessary or fundamental reason for prolonging the life of a business and ensuring its viability. One main reason is the cost associated with obtaining sustainability certificate. Because

of the complex and costly procedure, sustainability has been the domain of large and mostly manufacturing companies and, to an extent, ignored by small businesses as a competitive strategy. Our recommendation here is to change the attitude, and again, adopt sustainability as a competitive advantage. Let's further discuss the need and benefits of adopting sustainability as a strategy. First we discuss the positive side of being proactive, and secondly being forced to engage in sustainability—so why wait?

For the practitioners and owners of small businesses, and those interested in starting or consulting to one, our message is that sustainability through community is both a strategic approach and an instrument for long-term viability. There are strong indications that adapting the stakeholder's theory (sustainability) of an enterprise will prepare the small business to move from an inactive, reactive, proactive stance towards sustainability to an interactive posture (Freeman, 1984). The aim of the business will expand from making profit for the owner to delivering value to the stakeholders, one of whom is the owner and another important one, the community at large. A sustainable business then aspires to deliver value to the stakeholders in terms of economics, environmental, social, ecological, people, and the planet.

“R. Paul Herman has developed a research method to determine the comparative profitability of companies that have adopted sustainable business models.” “These companies have outperformed the S&P 100 benchmark by more than 400 basis points” (Plant, 2010: p. 6). The approach identifies five areas a company should be focused on if it seeks to build a sustainable business practice and strategies. These areas are health, wealth, earth, equality and trust. In

short, there is a correlational, not causal, relationship supporting that sustainability strategies can be profitable (Plant, 2010). However, research questions the ability to measure sustainability strategy effect on firm performance, thus further research is needed to support Herman's conclusions (Walls, Phan, & Berrone, 2011),

Firms are facing growing pressure to become greener in order to achieve long-term sustainability. Large businesses are embracing sustainability and they in turn are pressuring small business to do so as well to do business with them. In the same fashion that larger companies now require that their suppliers be ISO certified, they will soon demand that their small business suppliers be sustainable certified. This pressure offers sustainability as a unique and necessary long-term competitive weapon, demanded by the stakeholders and imposed by the larger publicly held company that is doing business with small businesses.

The concept of sustainability score gained popularity when Wal-Mart began to assess its suppliers using its "Sustainability Index," which considers everything from packaging materials and waste disposal, to energy efficiency and greenhouse gas emissions. Procter & Gamble, Kaiser Permanente, Patagonia, and Whole Food have had similar policies for quite some time. Major corporations can push environmentally friendly practices down to their suppliers' level and create a reputation as environmentally friendly at the same time. Similarly, local communities can demand the same from local small businesses as a condition for buying their goods and services. Small businesses can accomplish both simultaneously by sustainability planning, and by adopting sustainability policies and strategies.

In today's global supply chain, most large companies are supplied by small businesses where they can utilize the first mover advantage to work with large companies in order to gain their business over small business competitors. Small businesses that wait too long to go green can become unsustainable. It will be only a matter of time before most of the stakeholders, community members and customers at large gravitate towards businesses that are more socially responsible, are concerned about environment, act as responsible member of business community, and are taking action to create sustainable businesses through sustainable communities. So why wait to be forced to change?

As presented throughout, sustainability is no longer the domain of big manufacturing or publicly held companies. It is applicable to all businesses irrespective of size or legal form of ownership; it is mostly the question of the context and competitive arena. For large businesses it is part of the global competition and for small business it is taking roots in the community and relying on their support for success. Small businesses have the opportunity to use the same approach and enjoy a greater advantage and leverage, because of their locality.

Schick, et al. (2002) suggested that a sensible starting point for environmental management is by taking opportunities to implement more sustainable business practices from the very beginning of new business ventures. Therefore, future research on start-up business and sustainability strategies is needed to make it clear to business advisers and banks that recommending and supporting sustainability strategies can help long-term small business success.

It is no longer a question of “should a small business follow local community sustainability strategies?” It is beneficial for all the businesses, regardless of size, to do so. It makes moral sense: being socially responsibly, environmentally friendly and pushing for sustainability is good business, and makes good business sense: it increases the small business probability of long-term success.

REFERENCES

- Achua, C. F. & Lussier, R. N. (2002). Small-town merchants are not using the recommended strategies to compete against national discount chains: A prescriptive vs. descriptive study. *Journal of Small Business Strategy* 13(1), 80-87.
- Ambec, S., & Lanoie, P. (2008). Does it pay to be green? A systematic overview. *Academy of Management Perspectives* 22(4), 45-62.
- Ames, M. D., Romano, J. K., & Pham, V. T. (2002). The small business equity capital situation: An economic development perspective. *Journal of Small Business Strategy* 13(2), 37-55.
- AoM (2010). Special issue: Sustainability in management education. *Academy of Management Learning & Education* 9(3), 377-551.
- Arikan, A. T. (2010). Regional entrepreneurial transformation: A complex systems perspective. *Journal of Small Business Management* 48(2), 152-173.
- Bennett, J. (2009). Are we headed toward a green bubble? *Entrepreneur* (April), 51-54.
- Berrone, P., & Meija, L. R. G. (2009). Environmental performance and executive compensation: An integrated agency-institutional perspective. *Academy of Management Journal* 52(1), 103-126.
- Brook, D., & Steiner, S. (2008). Social entrepreneurship education: Is it achieving the desired aims? *Proceedings of USASBE National conference*. 1133-1148.
- Brundtland Commission. Cited from S. Colvin Interview of Chief Sustainability Officer (CSO) of DuPont Linda Fisher. *Fortune* (November 23, 2009), 45-50.
- Bustillo, M. (2009). Wal-Mart to assigning new ‘green’ ratings. *Wall Street Journal* (July 16), B1.
- Call for Papers (2009). Sustainability in management education. *Academy of Management Learning & Education* 8(3), 312.
- Carraher, S. M., Buckley, M. R., & Carraher, C. E. (2008). Research challenges in sustainable strategic management: Change and sustainability. *International Journal of Sustainable Strategic Management* 1(1), 2-15.
- Carter, R., & Van Auken, H. (2006). Small firm bankruptcy. *Journal of Small Business Management* 44(4), 493-512.
- Cohen, B., & Winn, M. (2007). Market imperfections, opportunity, and sustainable entrepreneurship. *Journal of Business Venturing* 22(1), 29-49.

- Colvin, S. (2009). Interview of Linda Fisher. *Fortune* (November 23), 45-50.
- Cosper, A. C. (2010) Green bubble or green opportunity. *Entrepreneur* (April), 14.
- Dacin, P. A., Dacin, M. T., & Matear, M. (2010). Social entrepreneurship: Why we don't need a new theory and how we move forward from here. *Academy of Management Perspective* 24(3), 37-57.
- Dean, T. J., & McMullen, J. S. (2007). Toward a theory of sustainable entrepreneurship: Reducing environmental degradation through entrepreneurial action. *Journal of Business Venturing*, 22(1), 50-76.
- De Clercq, D. & Rangarajan, D. (2008). The role of perceived relational support in entrepreneur-customer dyads. *Entrepreneurship Theory and Practice* 32(4), 659-683.
- Delmas, M., Hoffman, V.H., & Kuss, M. (2011). Under the tip of the iceberg: Absorptive capacity, environmental strategy, and competitive advantage. *Business & Society* 50(1), 116-154.
- Di Domenico, M, Haugh, H. & Tracey, P. (2010). Social bricolage: Theorizing social value creation in social enterprises. *Entrepreneurship Theory and Practice* 32(4), 681-703.
- Fitzgerald, M. A. Haynes, G. W., Schrank, H. L., & Danes, S. M. (2010). Socially responsible processes of small family business owners: Exploratory evidence from the National Family Business Survey. *Journal of Small Business Management* 48(4), 524-551.
- Fiore, R. A. & Lussier, R. N. (2008/2009). Measuring wealth generation in early-stage entrepreneurial organizations: An alternative to the capital asset pricing model. *Journal of Small Business Strategy* 19(2), 51-67.
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach* (Boston: Pitman).
- Galbreath, J. (2009). Addressing sustainability: A strategy development framework. *International Journal of Sustainable Strategic Management* 1(3), 303-319.
- Gallo, P.J., & Christensen, L.J. (2011). Firm size matters: an empirical investigation of organizational size and ownership on sustainability-related behaviors. *Business & Society* 50(2), 315-349.
- Gibbs, D. (2009). Sustainability entrepreneurs, ecopreneurs and the development of a sustainable economy. *Greener Management International* 55, 63-78.
- Goetz, K.S. (2010). Encouraging sustainable business practices using incentives: A practitioner's view. *Management Research Review* 33(11), 1042-1053.
- Hall, J. K., Daneke, G. A., & Lenox, M. J. (2010). Sustainable development and entrepreneurship: Past contributions and future directions. *Journal of Business Venturing* 25(5), 439-448.
- Hockerts, K., & Wüstenhagen, R. (2010). Greening Goliaths versus emerging Davids — Theorizing about the role of incumbents and new entrants in

- sustainable entrepreneurship. *Journal of Business Venturing* 25(5), 481-492.
- Hodges, H. E., & Kent, T. W. (2006/2007). Impact of planning and control sophistication in small business. *Journal of Small Business Strategy* 17(2), 75-87.
- ICC (International Chamber of Commerce). Information in this section taken from www.iccwbo.org. Retrieved May 26, 2010.
- ISO (International Standards Organization). Information in this section taken from. Retrieved May 26, 2010. www.iso.org
- Jiao, J., Welch, H., & Moutray, C. (2008/2009). Start-up resources and entrepreneurial discontinuance: The case of nascent entrepreneurs. *Journal of Small Business Strategy* 19(2), 1-16.
- Kobeissi, N. (2009). Impact of the Community Reinvestment Act on new business start-ups and economic growth in local markets. *Journal of Small Business Management* 47(4), 489-513.
- Lawrence, A. T., & Weber, J. (2011). *Business and Society* 13e, (New York: McGraw-Hill).
- Lester, D. L. (2008). Making the case for sustainable strategic management: an assessment of FedEx. *International Journal of Sustainable Strategic Management* 1(1), 82-97.
- Lim, D. S. K., Morse, E. A., Mitchell, R. K. & Seawright, K. K. (2010). Institutional environment and entrepreneurial cognitions: A comparative business systems perspective. *Entrepreneurship Theory and Practice* 34(3), 491-518.
- Litz, R. A., & Stewart, A. C. (2000). Where everybody knows your name: Extraorganizational clan-building as small firm strategy for home field advantage. *Journal of Small Business Strategy* 11(1), 1-13.
- Lussier, R. N. (1995). A nonfinancial business success versus failure prediction model for young firms. *Journal of Small Business Management* 33 (1), 8-20.
- Lussier, R. N. & Corman, J. (1996). A business success vs. failure prediction model for entrepreneurs with 0-10 employees. *Journal of Small Business Strategy* 19(2), 51-67.
- Lussier, R. N., & Pfeifer, S. (2000). A comparison of business success versus failure variables between U.S. and Central Eastern Europe Croatian entrepreneurs. *Entrepreneurship Theory and Practice* 24(4), 59-67.
- Lussier, R. N., & Pfeifer, S. (2001). A crossnational prediction model for business success. *Journal of Small Business Management* 39(3), 228-239.
- Lussier, R. N. & Halabi, C. E. (2008). An analysis of small business in Chile: A correlational study. *Journal of Small Business and Enterprise Development* 15(3), 490-503.
- Lussier, R. N. & Halabi, C. E. (2010). A three country comparison of the business success vs. failure prediction model. *Journal of Small Business Management* 48(5), 360-377.

- Marcus, A. A., & Fremeth, A. R. (2009). Green management matters regardless. *Academy of Management Perspectives* 23(3), 17-26.
- Martine, S., Jouhaina, B.B.G., & Viviane, O.B. (2011). Sustainable entrepreneurship: Is entrepreneurial will enough? A north-south comparison. *Journal of Business Ethics* 99(3), 335-367.
- McCann, J. T., & Holt, R. A. (2010). Defining sustainable leadership. *International Journal of Sustainable Strategic Management* 2(2), 204-210
- Michael, S. C., & Combs, J. G. (2008). Entrepreneurial failure: The case of franchisees. *Journal of Small Business Management* 46(1), 73-90.
- Miller, N. J., Besser, T. L., Riibe, J. V. (2006/2007). Do strategic business networks benefit male- and female-owned small-community businesses? *Journal of Small Business Strategy* 17(2), 53-74.
- Niehm, L. S., Swinney, J., & Miller, N. J. (2008). Community social responsibility and its consequences for family business performance. *Journal of Small Business Management* 46(3), 331-350.
- O'Neill, G. D, Hershauer, J. C., & Golden, J. S. (2009). The cultural context of sustainability entrepreneurship. *Greener Management International* 55, 33-46.
- Osagie, S. O. (2008). The voluntary environmentalists: Green clubs, IO 14001, and voluntary environmental regulations. *Academy of Management Review* 33(2), 564-568.
- Parnell, J. A. (2008). Sustainable strategic management: Construct, parameters, research directions. *International Journal of Sustainable Strategic Management* 1(1), 35-45.
- Parrish, B.D. (2010). Sustainability-driven entrepreneurship: Principles of organizational design. *Journal of Business Venturing* 25(5), 510-523.
- Parrish, B.D., & Foxon, T. (2009). Sustainability entrepreneurship and equitable transitions to a low-carbon economy. *Greener Management International* 55, 47-62.
- Piechocki, R. (2004). Industry survey transparency of annual sustainability reports. *Corporate Reputation Review* 7(2), 107-123.
- Pirola, R. L., & Presutti, M. (2010). The impact of social capital on the startups' performance growth. *Journal of Small Business Management* 48(2), 197-227.
- Plant, R. (2010). How green should my tech be? It depends on the tech. *Wall Street Journal* (January 25, 2010), R6.
- Pompe, P. M., & S. Bilderbeek (2005). The prediction of bankruptcy of small-and-medium sized industrial firms. *Journal of Business Venturing* 20(6), 847-869.
- Porter, M. E. (1998). New strategies for inner-city economic development: Initiative for a competitive inner city. *Journal of Small Business Strategy* 9(2), 1-4.

- Ramsey, M. (2010). Ghosn sees electric cars taking off. *Wall Street Journal* (May 25), B4.
- Rogoff, E. G., Lee, M. S., & Sub, D. C. (2004). Who done it? Attributions by entrepreneurs and experts of the factors that cause and impede small business success. *Journal of Small Business Management* 42(4), 364-376.
- SBA (Small Business Administration) (2011). Retrieved from www.sba.gov March 1, 2011.
- Schick, H., Marxen, S. & Freimann, J. (2002). Sustainability issues for start-up entrepreneurs. *Greener Management International* 38, 59-71.
- Schlange, L.E. (2009). Stakeholder identification in sustainability entrepreneurship. *Greener Management International* 55, 13-32.
- Siegel, D. S. (2009). Green management matters only if it yields more green: An economic/strategic perspective. *Academy of Management Perspectives* 23(3), 5-16.
- Shepherd, D. A., & Patzelt, H. (2011). The new field of sustainable entrepreneurship: Studying entrepreneurial action linking what is to be sustained with what is to be developed. *Entrepreneurship Theory and Practice* 35(1), 137-163.
- Smith, H. L., Discenza, R., & Baker, K. G. (2005/2006). Building sustainable success in art galleries: An exploratory study of adaptive strategies. *Journal of Small Business Strategy* 16(2), 29-41.
- Sorenson, R. L., Folker, C. A. & Brigham, K. H. (2008). The collaborative network orientation: Achieving business success through collaborative relationships. *Entrepreneurship Theory and Practice* 32(4), 615-634.
- Stead, M. G., & Stead, W. E. (2008). Sustainable strategic management: An evolutionary perspective. *International Journal of Sustainable Strategic Management* 1(1), 62-81.
- Stewart, W. H., May, R. C. & Kalia, A. (2008). Environmental perceptions and the United States and India: Convergence in entrepreneurial information seeking? *Entrepreneurship Theory and Practice* 32(1), 83-106.
- Tilley, F., & Young, W. (2009). Sustainability entrepreneurs. *Greener Management International* 55, 79-92.
- Van Auken, H., Kaufmann, J., & Herrmann, P. (2009). An empirical analysis of the relationship between capital acquisition and bankruptcy law. *Journal of Small Business Management* 47(1), 23-37.
- Walls, J.L., Phan, P.H., & Berrone, P. (2011). Measuring environmental strategy: Construct development, reliability, and validity. *Business & Society* 50(1), 71-115
- WBCSD (World Business Council for Sustainable Development) (2011). Information in this section taken from www.wbcsd.org, retrieved from the About link on October 26, 2011.
- Wiklund, J. Davidsson, P. Audretsch, D. B. & Karlsson, C. (2011). The future of entrepreneurship research.

Entrepreneurship Theory and Practice
35(1), 1-9.

York, J.G., & Venkataraman, S. (2010).
The entrepreneur-environment nexus:
Uncertainty, innovation, and allocation.
Journal of Business Venturing 25(5),
449-463.

Abbas Nadim is a professor of management at the College of Business, University of New Haven. His research interests are interactive planning and application of systems approach to entrepreneurship, leadership, and sustainable innovations.

Robert N. Lussier is a professor of management at Springfield College. His research interests are small business success vs. failure prediction and family business.

