



Sustainability decision-making in small-to-medium enterprises: A study of SME managers' experience of sustainability tensions

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ABSTRACT

Due to competing strategic demands and limited resources, small-to-medium sized enterprise (SME) managers struggle to integrate sustainability comprehensively into their firms' strategy, while increasingly being targeted as significant contributors of unsustainable practices that compromise environmental services and societal wellbeing. Studies on why managers struggle to integrate sustainability strategies into their firms suggest managers face interrelated yet competing demands that surface a diversity of sustainability tensions that go beyond the traditional triad of economic, social and environmental agendas. The literature has primarily focused on the conscious cognitive sensemaking processes of managers in larger corporations as they face sustainability tensions. This lens does not surface the range of other inner experiences like emotions, values, and intuition that influence individuals' sensemaking process. The resulting research question for this study asks how SME managers' experience of strategic sustainability tensions influences their sustainability decision-making process. This research aimed to surface the full range of conscious and unconscious inner experiences managers had during their sustainability sensemaking processes. SMEs were a favourable research context in which to delve into the significance of managers' internal experiences because managers have a high degree of decision-making control in their firms, and there is scarce empirical evidence on what leads SME managers to make sustainability decisions. Over a one-year period in an inductive qualitative and exploratory research process, I interviewed twelve SME managers from the Western Cape's metals and manufacturing sector twice through two rounds of interviews. This study finds that SME managers undergo a range of emotions that influence their sustainability sensemaking experience. Conflicting emotional sustainability triggers cause unconscious internal sustainability tensions for managers between their personal values and managerial responsibilities. The SME resource-constrained context causes managers to instinctually prioritise managerial responsibilities to keep their firm afloat and maintain their pride through the legacy of the company. This study contributes to the literature by unearthing and legitimising the range of experiences and tensions that influence SME managers' sustainability sensemaking processes. It prompts further examination into managers' experience of sustainability tensions in the SME context and what experiences lead to integrative sustainability decision-making in highly volatile SME environments.

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I now take a moment to pause and gaze back at this 2-year journey, remembering the first conversation I had about the MPhil with my old housemate and soon to be classmate, while standing on my balcony in Muizenberg overlooking the village and ocean. It felt right – the realness and direct application I saw the programme would have into my life's work. From sitting in a cabin in the hills of Citrusdal to all of a sudden being immersed in the programme – I was embedded in it. I connected, I struggled, I complained, I procrastinated, I worked hard and I learned. I look back now and am flooded with a range of sensations and thoughts of 'what ifs', gratitude and inherent growth.

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CHAPTER 1: INTRODUCTION

1.1 Chapter Introduction

This study focuses on understanding the experiences managers of small-to-medium sized enterprises (SMEs) have of sustainability tensions while making strategic sustainability decisions. SME managers face competing strategic demands and limited resources, which makes it difficult for them to integrate sustainability comprehensively into their firms' strategy. Nevertheless, SMEs are increasingly identified as significant contributors of unsustainable practices compromising environmental services and societal wellbeing. Research suggests that managers struggle to integrate sustainability strategies into their firms because managers must address interrelated yet competing agendas of the economy, society and environment.

Past literature primarily focused on the cognitive sustainability tension sensemaking process of managers within larger corporations. Researchers know much less about the range of other inner experiences that influence managers' sustainability sensemaking process, even though it is clear that other experiential dimensions such as emotions likely play a crucial role (Maitlis, Vogus & Lawrence, 2013; Nilsson, 2013; Voronov & Vince, 2012). Such an understanding is of particular importance in the context of small- to medium-sized enterprises (SMEs) because SME managers ostensibly have a high degree of decision-making control in their firms (Hamann, Smith, Tashman, & Marshall, 2015). Coupled with this, SMEs are increasingly being recognised as a major contributor to unsustainable development (Parker, Redmond & Simpson, 2009) yet struggle to integrate sustainability into their strategies (Del Brío & Junquera, 2003).

The motivation for this study was to contribute to a theoretical understanding of how managers' inner experiences influence their sustainability decisions in order to provide applicable insights for sustainability practitioners aiming to influence managers' strategic decision-making. I sought to understand the range of managers' experiences during the sustainability sensemaking process, going beyond the externally observable, ostensibly rational, sensemaking process, and delving into the

inner, highly subjective experiences, such as intuition, memories and emotions that play a material role in individuals' everyday decisions. By shining a light on, and interrogating how managers are experiencing sustainability tensions, I believe there is significant room for advancing sustainability interventions. The study is based on an inductive study of 12 SME managers' experiences of sustainability tensions and the subsequent sustainability-related decisions they made over a 12-month period. The empirical and analytical strategy was based on grounded theory (Gioia, Corley & Hamilton, 2012), including elements of comparative analysis (Eisenhardt, 1989).

This study contributes to the literature on sustainability tensions by unearthing and legitimising the role of experiential facets within managers' sustainability sensemaking processes, and the importance of organisational context in this regard. Specifically, SME managers face particular unconscious personal tensions in responding to sustainability objectives. This study prompts a deeper delve into what managerial experiences lead to integrative sustainability decision-making in volatile SME environments.

1.2 Research Challenge

While the basic standard of living for humanity has increased, with there being more children educated, a decrease in child mortality, less extreme poverty and the promotion of gender equality (United Nations, 2015), there are undeniable large-scale challenges, such as climate change, that are becoming more palpable yet difficult to tackle in an integrated manner (Smith, Besharov, Wessels & Chertok, 2012). Arthur (1989, as cited by Cecere, Corrocher, Gossart & Ozman, 2014) and Cecere, et al. (2014) theorise that due to self-reinforcing processes of producing and reproducing belief systems, societies tend to get locked into paths that become dominant trajectories, even when there are superior alternatives. Humanity's current sustainability challenge is an example of how we are locked-into the 'wicked' challenge of needing to address interrelated yet competing demands of society, the environment and the economy. We need to grow the economy while also sustaining environmental resources (Westley, et al., 2011) and societal well-being. Paraschiv, et al. (2012) note these problems are increasingly being experienced and accepted with

highly fluctuating energy and food prices, and extreme weather. Signalling indicators make it unavoidably evident that the current trajectory of the human enterprise is unsustainable and calls for systemic socio-technical transitions that target the principal perpetrators of a prevailing economic model of endless growth in a finite world (Elzen, et al., 2004).

Sustainability challenges are exemplary 'wicked' problems as they require the simultaneous consideration of diverging yet interconnected needs of the economy, environment and society (Hahn, Pinkse, Preuss & Figge, 2014a). Furthermore, the literature suggests sustainability challenges go beyond the traditional and instrumental triad of tensions between economic-environmental-social agendas. Sustainability tensions occupy different levels, require change processes and operate in conflicting temporal or spatial frames, including tensions between personal versus organisational agendas and short-term versus long-term goals (Hahn, Pinkse, Preuss & Figge, 2014b). The multitude of tensions gives rise to paradoxes where contradictory yet interrelated elements exist simultaneously and are experienced at the individual, organisational and societal level (Hahn, et al., 2014a; Smith & Lewis, 2011).

With a dominant capitalistic economic logic driving global development, academia and industry have placed corporate society, with its large impact, in the limelight as a perpetuating force of today's environmental and social issues leading to an unsustainable economic operating system (Porter & Kramer 2011; Bansal, 2002). As public awareness of sustainability increases and CO₂ and pollution legislature tightens, firms are pressured to address sustainability thoroughly. Traditional campaigns of corporate social responsibility (CSR) to appease stakeholders are no longer sufficient if firms are to have resilient and agile strategies that keep up with the constantly changing and hypercompetitive business playing field (Loorbach & Wijsman, 2013; Lewis, et al., 2014).

Small-to-medium sized enterprises (SMEs) are increasingly being recognised as a major contributor to sustainability challenges, the world economy (Schaper, 2002), and unsustainable business practices by contributing 70% of society's global pollution (Parker, Redmond & Simpson, 2009). While the literature raises many obstacles that SMEs face in incorporating sustainability, there are authors that suggest SMEs are simultaneously well positioned to contribute towards sustainable development

(Klewitz & Hansen, 2014a). As this study and scholars illustrate, the reasons for this could be SME managers' high degree of control in their firms' operations and culture, and SMEs' ability to incrementally innovate (Hamann, Smith, Tashman & Marshall, 2015; Klewitz & Hansen, 2014b).

The majority of the literature indicates that SME managers are naïve of the environmental and social consequences caused by their business, lack resources, knowledge and technical capacity (Hillary, 2000; Parker, et al., 2009). This study finds that many managers are aware of their firm's environmental and social risks up to a point. However, like the literature, managers did not feel they had the resources to comprehensively integrate environmental or social agendas because they were engrossed in short-term goals to keep the business afloat versus strategising for the long-term. The managers self-identified this short-term goal orientation as a barrier to their innovative capacity and as a long-term risk. Many scholars, such as Bianchi and Noci (1998), remark that because SMEs are increasingly found to be significant contributors to the sustainability crisis of today, there needs to be more research devoted to this relatively scant body of literature. This study aims to add to this literature by assuming a managerial focus to SMEs' sustainability potential.

Firm managers are positioned at the interface between external and internal context (Bertels, Schulschenk, Ferry, Otto-Menz & Speck, 2016). SME managers, in particular, must carry the everyday burden of being responsible for the firms' success, while also being at the frontline of having to address external legislative and market pressures in their resource-constrained context. With this, SME managers must simultaneously balance internal and external pressures as they are besieged by the demands of the environment, society and market (Hahn, Pinkse, Preuss & Figge, 2014b). Corporate sustainability literature emphasises the need for managers to develop paradoxical leadership (Lewis, et al., 2014). Paradoxical leadership requires managers to be agile and adaptable in their decision-making (Lewis, et al., 2014), while simultaneously consider interrelated diverging elements in an integrative way. The literature proposes that managers need paradoxical leadership to embrace tensions of diverging sustainability needs so they may ascend from mechanistic 'either-or' strategies rooted in compromise thinking to 'and-also', reasoning processes (Hahn, et al., 2014a; Lewis, et al., 2014). This study's managers felt there is an

inherent trade-off between the elements of sustainability and therefore dealt with sustainability dimensions in isolation versus an integrated paradoxical approach. Managers who address sustainability with compromise thinking struggle to take steps to change their firms' strategies (Butterfield, Borgen, Amundson & Erlebach, 2010). Scholars such as Hahn, et al. (2014a) make use of cognitive heuristics to understand how managers make sustainability decisions through their development of cognitive frameworks that assist in understanding how information is received and then filtered through cognitive norms for that particular individual. Therefore, managers' experience of making sense of sustainability is a fundamental determinant of a firm's sustainability orientation and should be adequately considered (Smith & Lewis, 2011). There is a need to discover individual and firm pathways towards productive utilisation of tensions that lead to sustainability strategic innovation and transformation is essential.

This study proposes that it is essential to go a step further than simply examining managers' cognitive frameworks. This study aims to consider the full range of managers' experiences that are not consciously cognitive such as memories, emotions, intuition and values that managers subconsciously consider while experiencing sustainability tensions and making decisions. Within an individualised SME managerial decision-making context lays an intrinsic paradox that managers must deal with as they struggle to make cognitive strategic decisions while being influenced by less cognitive sensemaking processes, such as their intuition or instincts. This study aims to surface and legitimise the full range of manager's experiences, aside from the cognitive that the literature has focused on, that occur during managers' sensemaking process and play an important role in influencing their sustainability decisions. As Tilley (1999) notes, there is not a single mechanical approach to guarantee strategic change amongst SME managers so, as this study elaborates, we must honour the subjective inner-workings of each managers' sustainability sensemaking processes. If practitioners pay closer attention to these subjective determinant factors that are influencing managers, then there is potential to bring to light how to design sustainability interventions that will lead to integrative sustainability decision-making among SME managers.

1.3 Research Question and Scope

The natural point of departure that researchers have taken while attempting to understand managers' sustainability decision-making, has been to examine cognitive reasoning (Wrona, Ladwig & Gunnesch, 2013) and the cognitive sensemaking (Hahn, et al., 2014a) process that ensues when individuals are confronted with events (Weick, 1993), actions (Gioia & Thomas, 1996; Weick, 1990) or issues (Dutton & Dukerich, 1991) that are confusing, or a deviation from regular occurrences (Weick, Sutcliffe & Obstfeld, 2005). There is still no comprehensive evidence of what ultimately drives managers' decisions, nor do scholars claim there is a uniform manner that directs how managers make sustainability decisions. Nevertheless, the literature, for the most part, has focused on the cognitive aspects of manager's sustainability decision-making. This rational cognitive focus limits our understanding of the array of other potential personal factors that come into play during manager's sensemaking processes such as emotions (Maitlis, Vogus, & Lawrence, 2013; Voronov & Vince, 2012), intuition (Bertels, et al., 2016), or values (Williams & Schaefer, 2013). This study agrees with the literature in that there is no uniform manner or much less a quantifiable number of ways that managers go through their sustainability sensemaking process. However, it suggests there is a full range of inner interpersonal experiences, including and exceeding the cognitive, that influences sustainability decision-making.

Over a one-year period and through two rounds of interviews, this study investigated how twelve managers experienced sustainability tensions with the aim to understand what experiences managers had during their sensemaking process and how certain experiences influenced their sustainability decisions. As there was a temporal aspect to the study, the research did consider a process lens to understand "how and why things emerge, develop, grow, or terminate over time" (Langley, Smallman & van de Ven, 2013:1). However, how managers' sustainability decision-making changed over the year-long period was not the focus of the study. Coincidentally, no significant findings emerged that demonstrated a shift in managers' sustainability decision-making. In the same vein, attention was paid to identifying relationships between particular experiences of sustainability tensions and managers' sustainability decision-making. No causal relationships are claimed between experience 'X' and

decision ‘Y’; however, the findings give rise to patterns that are of theoretical and practical interest for future research.

Past and present experiences that operate in the conscious/unconscious and rational/irrational have the ability to influence managers’ sensemaking process of scanning, interpreting and responding to sustainability tensions (Hahn, et al., 2014a). In turn, managers’ decision-making processes are highly individualised and not comprehensively understood. Through delving deeper, surfacing and sharing the diversity of manager’s sustainability sensemaking experiences, there is an opportunity to appreciate and leverage the full range of experiences influencing managers’ sustainability decision-making.

The research question that guided this study is phrased in the “how” to keep the study well specified, yet general enough to invite exploration aimed at surfacing concepts and their inter-relationships (Gioia, et al., 2012).

Research Question (RQ): *How is the sustainability decision-making of SME managers influenced by their experience of strategic sustainability tensions?*

The aforementioned research question aims to surface the multitude of experiential dimensions, including and aside from the purely rational/cognitive that the literature has focused on that come into play during a manager’s sustainability sensemaking process. As my findings section will illustrate, this research question led to a broader range of results and findings that surface many of the nuances of managers’ sustainability decision-making the SME context.

1.4 Research Setting

The study took place in the Western Cape of South Africa. The study included six SMEs from the metals and manufacturing sector that participated in the United Nations Environment Programme’s (UNEP’s) Eco-Innovation Pilot Programme and another six SMEs from the sector that did not participate. The UNEP programme was a response to increasing global awareness of SMEs’ significant contribution to sustainability challenges. The programme aimed to work with SME managers to

embed sustainability decision-making into firms in an integrative manner. The eco-innovation approach utilises lifecycle thinking, cooperation with partners across the value chain and emphasises the need to modify existing products and services, including those internal systems such as an organisation's culture that can contribute to sustainability integration (O'Hare, McAlloone, Pigosso & Howard, 2014).

While only half the sample participated in the programme, there is utility in explaining why South Africa was selected for UNEP's Eco-Innovation Pilot Programme and why the metals and manufacturing sector is important to examine. South Africa is the third largest economy in Africa (World Bank, 2016) and the 42nd largest emitter per capita of carbon emissions globally (National Planning Commission (NDP), 2012). Nevertheless, South Africa's growth, along with the majority of other advanced and emerging economies, has slowed in 2016 and is expected to continue to into 2017 (IMF, 2015) due to the re-calibration of the global economy – this has negatively impacted traditional commodity exporters such as South Africa. The reason for this has been a result of emerging economies slowing down, such as those included in BRICS (Brazil, Russia, India, China and South Africa); commodity prices slumping; global trade reductions; and tighter monetary policies in high consumer countries such as the United States of America and Europe. Increasingly, concerns for environmental sustainability are being acknowledged in South Africa, as the consequences of economic expansion and resource exploitation lead to the degradation of natural systems needed for local consumption and exports.

South Africa's National Developmental Plan 2030 (NDP 2030) suggests that the nation has to respond to these challenges by investing in high value-added industries and increasing the volume of mineral exports. Nevertheless, because the nation is already a large emitter, it must simultaneously be aware of tightening global legislation that will monitor and put constraints on emissions. The NDP 2030 recommends that to be competitive South Africa must invest in skills and technology to build resilience and support the development of a sustainable low-carbon economy that is legislatively and climate-change ready (National Planning Commission (NDP), 2012). These goals will not be easily achievable, as they will require significant restructuring of institutional norms and strategic operations at industry, firm and

managerial levels. Achieving these goals will also require financial divestment from unsustainable practices and investments into new economic practices.

Through a thorough regional and sectorial analysis, the Western Cape's metal and engineering sector was selected because of the province's large economic impact (Western Cape Government Provincial Treasury, 2015) and its focus to reviving the region's second largest employer: the manufacturing sector. As a backbone, R25 billion has been dedicated towards the green economy and a Manufacturing Competitiveness Enhancement Program (MCEP) – an incentive programme aimed at upgrading current processes and facilities to maximise potential, while another R120 million from the national government is going to the nation's tooling industry (falling within the metals and engineering sector). Due to South Africa's upper-middle income economy and relatively progressive sustainability governance and legislation, the nation is well positioned for sustainable development. These provincial and national circumstances give SMEs the opportunity to maintain their core competencies while also diversifying services and product offerings catered to an emerging market that places value on sustainability objectives. As the literature suggests and this study shows, SMEs are increasingly being recognised in sustainable development efforts due to their ability to incrementally innovate and the strong presence of industry clusters that enable firms to work together to create resilient regional industries.

As small- to medium-sized enterprises are identified as a contributor to sustainability challenges and a potential lever towards change in South Africa, there is a growing recognition amongst manufacturing leaders that social and environmental challenges, such as climate change, worker welfare and resource constraints significantly impact business operations. As a shift towards a more sustainable growth path is accepted as a priority, firms will increasingly realise the costs they will incur if they continue to operate traditionally. Sticking with complacent 'business as usual' approaches may leave firms unable to respond to rising energy costs, disruptions to their supply of raw materials or tightening legislation. There is subsequently a burgeoning need for managers to discover alternative approaches that enable them to confront sustainability-related risks, while also finding opportunities for cost reduction, growth and a competitive advantage.

Nevertheless, SME managers are often unable to embark on this strategic shift alone due to limited resources and being locked into current practices. Global and national institutions interested in shifting SMEs towards sustainable operations are increasingly engaging with managers to explore ways of integrating sustainability into their firms' strategy (United Nations Environment Programme, 2014). How these change agents design and facilitate these interventions differ; however, many approaches are grounded in unearthing firms' innovation potential and assisting them while looking for opportunities in which they may benefit financially. The balancing of competing economic, social and environmental agendas for managers is, however, not always possible, as this study illustrates.

CHAPTER 2: LITERATURE REVIEW

2.1 Chapter Introduction

Small- to medium-sized enterprises (SMEs) are major contributors to the world economy (Schaper, 2002) and to the global sustainability crisis society faces today (Parker, Redmond & Simpson, 2009). At the same time, SMEs are well positioned to contribute to a transition towards global sustainable development (Klewitz & Hansen, 2014a). As external and internal pressures increase for firms to address sustainability, they are required to balance competing demands of the environment, society and profit dimensions (Hahn, Pinkse, Preuss & Figge, 2014b). Managers are situated at the interface between these external and internal contexts (Bertels, Schulschenk, Ferry, Otto-Menz & Speck, 2016) and must develop paradoxical leadership (Lewis, Andriopoulos & Smith 2014) to strategise effectively amongst the ambiguity and complexity that sustainability decision-making presents. SME managers, in particular, have a great deal of decision-making power and therefore have a huge influence on the sustainability orientation of their firms (Hamann, Smith, Tashman & Marshall, 2015). Managers' sustainability orientation is influenced by cognitive frameworks and the sensemaking process they undergo while making sustainability decisions (Hahn, Pinkse, Preuss & Figge, 2014a). Nevertheless, aside from the cognitive dimensions of the sensemaking process, there are other experiential factors such as emotions, (Voronov & Vince, 2012), intuition (Bertels, et al., 2016), values and personal beliefs (Williams & Schaefer, 2013) that largely influence managers' decisions. The aim of this review is to surface and legitimise the full range of sustainability tensions (Hahn, et al., 2014b) and lived experiences (Nilsson, 2013) that managers have during their sustainability sensemaking process. If the diversity of sustainability tensions and lived experiences that influence managers' decisions are accounted for, there is an opportunity to leverage this deeper understanding of what and how managers are experiencing sustainability tensions while designing and facilitating sustainability intervention processes.

Literature for this review has been sourced from various academic journals, management reviews and executive guides for sustainable business management. This review employs literature from:

- Sustainability decision-making paradoxes, tensions, cognitive frameworks and sensemaking (Lewis, et al., 2014; Smith & Tushman, 2005; Hahn, et al., 2014a; 2014b);
- Small- to medium-sized enterprises' sustainability orientation (Del Brío & Junquera, 2003); and
- Experiential institutional development (Nilsson, 2013; Voronov & Vince, 2012).

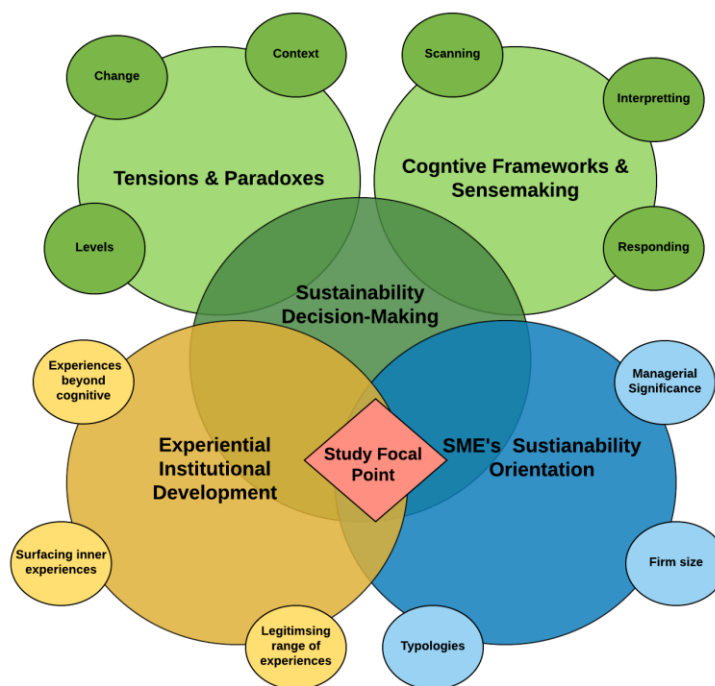


Figure 1: Theoretical Framework

2.2 The Narrative: Setting the Context

The global contemporary sustainability challenge has historical and ideological roots that stem from a dominant anthropocentric narrative that has arguably guided humanity's unsustainable developmental path. After accumulating for thousands of years, this story has been strengthened by our cultures and technologies (Eisenstein, 2015). From this perspective, stories of 'separation', 'other', 'either/or', 'paradoxes' and 'dichotomies' have emerged.

Whether it is a separation of humans and nature or the separation of social, environmental and economic needs, it is clear that the global consequence of an economically driven society has led to environmental degradation and social inequality. Arguably, two of the most influential environmental thought writers of the 20th century, Aldo Leopold (1948) and William Cronon (1995), set the tone for this narrative. Leopold (1948) poignantly states that "There is as yet no ethic dealing with man's relation to land ... Land, like Odysseus' slave-girls, is still strictly economic, entailing privileges but no obligations" (p. 201). Leopold's declaration raises that an anthropocentric paradigm has led to an extractive asset-based relationship between humanity and nature in which no externalities are considered as humanity uses nature for nature's provision of resources and services. Similarly, Cronon (1995) writes "Far from being the one place on Earth that stands apart from humanity, [the wilderness] is quite profoundly a human creation – indeed, the creation of very particular human cultures" (p. 69). This statement illustrates how nature is a human-constructed concept meant to serve humans. Leopold and Cronon describe one of the paradoxes humanity has been facing for centuries as it balances the needs of the economy, environment and society, all of which are becoming pressing. "The rates, scales, kinds, and combinations of changes occurring now are fundamentally different from those at any other time in history; we are changing Earth more rapidly than we are understanding it" (Vitousek, Mooney, Lubchenco & Melillo, 1997, p. 498).

Recent economic and financial crises, coupled with increases in global energy prices and ecological disasters are the reason why the sustainability pressures (Paraschiv, Nemoianu, Langa & Szabó, 2012) of today are not only intensifying but also becoming more commonly acknowledged. A common sentiment, as described by Olsson and Galaz (2013), is that "there is a need for radical shifts to new approaches

that can enhance the fit between human and biophysical systems and improve the capacity of ecosystems to generate services for human well-being” (p. 224). Sustainability challenges today require improvements in environmental performance (Geels, 2011). This may only be realised through ‘socio-technical’ transitions that alter the “overall configuration of transport, energy, and agri-food systems, which entail technology, policy, markets, consumer practices, infrastructure, culture meaning and scientific knowledge” (Elzen, Geels & Green, 2004; Geels, 2004, as cited in Geels, 2011, p 24). A multitude of factors created, reproduced, maintained and transformed these systems (Geels, 2011); however, many scholars and practitioners agree that firms and industry have society entangled in an economic model of which we are at the mercy (Paraschiv, et al., 2012).

Corporate management has ignored factors like ecosystem management (Gladwin, Kennelly & Krause, 1995; Macagno, 2013) and, as a result, it is becoming clearer that if the corporate sector remains on its current ‘business-as-usual’ path, economic, social and environmental crises will follow (Vitousek, et al., 1997). Subsequently, the corporate sector is even being labelled publicly as prospering at the expense of society (Porter & Kramer, 2011) with short-term profitability motives leading their firm strategies (Paraschiv et al., 2012) that do not take into consideration operational externalities.

The adoption and integration of sustainability into a firm’s strategy is not a straightforward procedure. Corporate sustainability requires managers to simultaneously take into consideration presumably diverging yet interconnected needs for economic prosperity, social welfare and environmental health (Bansal, 2002; Gladwin, Kennelly & Krause, 1995; Maon, Lindgreen & Swaen, 2008, as cited in Hahn, Pinkse, Preuss & Figge, 2014). Stemming from this predicament of diverging concerns, strategic paradoxes emerge (Smith & Tushman, 2005), in which managers believe they must decide between competing demands of, for instance, short-term efficiencies and long-term effectiveness (Cameron & Quinn, 1988; Lewis, 2000). The competition of demands and strategic paradoxes lead to everyday tensions between economic, social and environmental concerns (Hahn, et al., 2014b).

2.3 Corporate Sustainability

2.3.1 A Brief History of Corporate Sustainability

According to a 1973 article by Eberstadt, it was the ancient Greeks who first looked beyond the purely economic role of businesses in society when governing bodies set out rules of conduct for businessmen and merchants (Wilson, 2003). This question of what other duties and responsibilities the corporate sector must fulfil eventually evolved into corporate social responsibility (CSR). The roots of CSR date back to 1930 (Friedman & Miles, 2006, as cited in Dodiya, 2011); however, the modern day era of CSR began with Bowen's (1953) *Social Responsibilities of the Businessman*. The later 1987 World Commission for Environment and Development's (WCED) work, *Our Common Future*, reaffirmed the need to focus more attention on corporates' role in society by clearly stating that sustainable development could not be left to government regulators and policy makers (Wilson, 2003).

The CSR model is, however, for the most part, comprised of ad-hoc add-on campaigns to create a positive public image and appease stakeholders (Loorbach & Wijsman, 2013). This has been both a symptomatic and often superficial approach to addressing the impact corporates have on society. An integrated and perhaps even inter-disciplinary approach will be most effective if we are to ascend from symptomatic, short-lived solutions. (Moore & Westley, 2011; Rennings, 2000; Wise, et al., 2014).

Corporate sustainability has, for the most part, grown out of CSR, yet it borrows elements from other concepts, such as sustainable development, stakeholder theory, and accountability theory. First, sustainable development was initially popularised by the World Commission for Environment and Development when it described the need for a new development practice that would meet the needs of the present without compromising the ability of future generations to meet their needs. While sustainable development defies one precise definition, the underlying principle is the imperative to balance the needs of economic growth with environmental protection and social equity. Second, stakeholder theory is a strategic management concept popularised in 1984 by Freeman (2010) that operates under the premise that the better a firm's relationships are with external stakeholders, the more likely it will be for that firm to

meet its business objectives. Third, the last concept underlying corporate sustainability is accountability theory, which is both the legal and ethical responsibility of firms to account for their actions in a way that explains or justifies its operations (Wilson, 2003).

From the aforementioned concepts, corporate sustainability emerges as a new corporate management paradigm that suggests an alternative approach to the traditional profit maximisation and endless growth model of the majority of businesses. Corporate sustainability acknowledges the importance of profitability and growth, but it also requires the consideration of over-arching societal goals, such as those contributing to sustainable development, social justice, and equity and economic development (Wilson, 2003).

2.3.2 The Emergence of Corporate Sustainability

On 30 October 2006, the British government commissioned the Stern Review – a 700-page report on the economics of climate change. The Stern Review (2006), stressed the dire economic, environmental and social consequences if society were to remain on the current economic trajectory. In particular, the review highlighted the need for businesses to transition away from a ‘business as usual’ attitude towards sustainability agendas. There has been a consensus among sustainability scholars and practitioners (Brown, 1996; Cecere, Corrocher, Gossart & Ozman, 2014; Westley, et al., 2011) that the Stern Review’s recommendations should be considered seriously. The review reports that if the corporate sector continues down the current trajectory of unsustainable development, associated risks such as climate change will not only have social and environmental ramifications, but also hold the potential to shrink the global economy by 20% and drop the global GDP by over 1% (2006).

It was more than ten years ago that Elzen, et al. declared that society was so far down this trajectory of social, environmental and economic crisis that large-scale economic shifts would be needed (2004). Elzen, et al. explain that these shifts will have to involve systemic socio-technical transitions that will drastically alter the economy recognised today. Due to economic and societal lock-in, social-technical transitions are not easily achieved. Lock-in occurs even when a particular societal and economic

path is not superior as the current path becomes dominant through self-reinforcing processes and absorbing states (Arthur, 1989; Cecere, Corrocher, Gossart & Ozman, 2014). A symptom of our current locked-in state is a coupling of economic prosperity and environmental degradation. Fischer-Kowalski explains in the United Nations Environment Programme and International Resource Panel report that society, and particularly the corporate sector, must go through a process of ‘de-coupling’. Fischer-Kowalski states that “accelerating this process of decoupling economic activity from consumption and environmental impacts is fundamental to future human well-being” (2002, p. 1). In a similar vein, the locked-in ‘coupling’ state industrial complex positions society in a predicament of having to address ‘wicked’ problems, in which conflicting needs are simultaneously needing to be addressed (Westley, et al., 2011).

Wicked problems present presumed dilemmas, such as the need to grow the economy while also maintaining environmental services so that resources may feed this growth. In theory, this could work if economic and environmental growth were in tune with one another; however, Natural Step (2015), an international sustainability consultancy, states that as the demand for resources has increased exponentially over time, society has not given nature the time to regenerate in time to meet this demand. Natural Step uses the illustration of a metaphorical funnel (Figure 2) to show the growing social, economic and environmental pressures. As society continues along a business-as-usual approach, it continues to travel further down the curve toward the tip of a self-constructed funnel until humanity has less and less space to operate, at which point they are bound to result in sustainability ramifications.

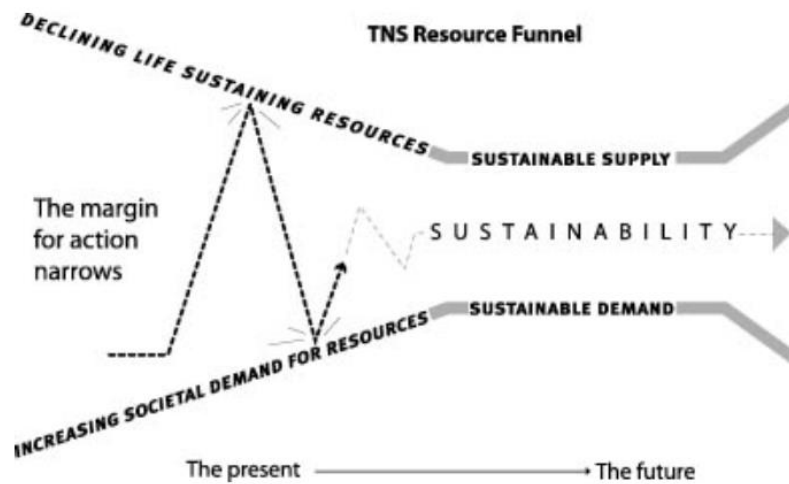


Figure 2: Natural Steps Funnel Theory (The Natural Step, 2000)

The materialisation and definition of corporate sustainability, as Hahn, et al. (2014a) explain, is not completely clear; however, the authors point to Bansal's (2002) and Wilson's (2003) understanding of it as the recognition of firms needing to grow, be profitable and also embrace environmental and social concerns. It was previously noted that integrated management and governance solutions are needed to holistically tackle these "wicked" problems (Westley, et al., 2011; Millar, Hind & Magala, 2012; Petersen, Shearing & Nel, 2015); however, as Petersen, et al. (2015) and many other scholars believe, corporate society is the perpetuating force of the rapidly snowballing sustainability challenges of today and must be directly engaged with.

One of the most recent and influential pieces addressing corporation's responsibility to civil society has been Porter and Kramer's article, *Creating Shared Value* (2011), written for the Harvard Business Review, in which they put the corporate sector in the spotlight. The authors identify that businesses are now being publicly labelled as prospering at the expense of society and are a perpetuating force of today's environmental and social challenges.

Firms and industries across the globe are realising and feeling the sustainability imperative to transform production and consumption patterns to a new economic paradigm (United Nations Environment Programme, 2014). A new sustainable approach to our global economic activity at both an organisational and institutional

level is necessary (Paraschiv, et al., 2012). Subsequently, both internal and external pressures are influencing firms' willingness and ability to address corporate sustainability sufficiently. External triggers, which are those drivers situated outside of the firm, and internal actors, which are those drivers situated within the firm (Verwest, Sorel & Buitelaar, 2013), do not uniformly influence firms in the same way. Internal factors that influence corporate sustainability decision-making and orientation include organisational culture (Bertels, Papania & Papania, 2010), leadership (Verwest, et al. 2013) strategy, resources (Mir, 2008), structure (Epstein, Buhovac & Yuthas, 2010, as cited in Paraschiv, et al., 2012), routines and mission (Geels, 2014). External context factors are those, such as regulations, customer demands (Verwest, et al. 2013), market opportunities, and supply chains and competition (Mir, 2008). While it is useful to categorise the external and internal factors that affect corporate sustainability infusion, these factors are intrinsically linked and influence one another (Verwest, et al. 2013).

Firms generally address sustainability through relatively slow and evolutionary processes found in the alternations of everyday strategic decisions, which can be embedded in the culture of an organisation through producing and reproducing a corporate sustainability environment (Bertels, et al., 2010). On the other hand, Verwest, et al. (2013) report that evidence shows it is inherently difficult to initiate a culture shift in firms, as many organisational members perceive sustainability as a threat and are ultimately guided by growth mindset strategies (Parashiv, et al., 2012). Whether it is within the internal or external context of the firm, managers are going through a process of environmental scanning in which they are gathering and interpreting information across a broad range of events, trends and relationships that enable them to make decisions (Bertels, et al., 2016) in a way that provides them with a sense of effective strategising.

At the focal point of firms' sustainability efforts are the Chief Executive Officers (CEOs) and managers. They are continually required to manage their risks in order to achieve a balance between economic, social and environmental performance objectives (Olaru, Stoleriu & Şandru, 2011). Managers are increasingly not discussing whether or not to embrace sustainability but, rather as Gregory Unruh states, they are relentlessly trying to figure out '*how they should do it*' (cited in Kiron,

et al., 2012). In this exploration to determine how to integrate sustainability into firms, internal company constraints and opportunities must be considered equally next to competing external pressures. Until the internal dynamics influencing managers' willingness and ability to integrate sustainability into their firms are comprehensively considered, efforts will fall short.

2.4 Managing Strategic Paradoxes

Businesses today find themselves in a hypercompetitive and rapidly changing corporate environment in which their survival depends on a form of strategic agility-rooted flexibility and mindful responses (Lewis, et al., 2014). To strategise effectively, firms must adopt a forward-looking perspective that continually evolves through adapting and improving so they may outdo their competition. Situated at the centre of a firm's strategic orientation are its leaders. Whether it is CEOs or managers, these individuals are required to consider and negotiate the numerous interrelationships and interdependent factors present in the consequences of their decisions (Eisenhardt, 1989; Marr, et al., 2004, as cited in Bertels, et al., 2016). A consistent negotiation process, which balances external and internal pressures, confronts managers. Managers must balance these needs in a way that fulfils their responsibility to negotiate with stakeholders and make strategic decisions to remain competitive (Bertels, et al., 2016). The strategic agility needed to address numerous components at once, is – as Lewis, et al. (2014) put it – inherently contradictory as “being strategic depends on a stable, unwavering commitment to a future vision, and involves formal planning processes and established routines” (p. 58). Subsequently, the managerial strategic approach of balancing stakeholders, old routines with new and stability with flexibility requires a form of paradoxical leadership, where leaders can source both, and find solutions that allow for agile and adaptable decision-making (Lewis, et al., 2014).

Contingency theory, which emerged in the early 1960s, lends itself well as a backdrop to understanding how managers handle strategic paradoxes. The theory was developed to analyse how strategic decisions are made while competing demands present themselves. Contingency theory proclaims that businesses are most

successful when they can achieve alignment between tensions from internal elements and the external environment. The contingency theory approach explores the varying conditions that affect the selection process between competing demands. (Lawrence & Lorsch, 1967; Woodward, 1965, as cited in Smith & Lewis, 2011). Contingency theory was most often employed to understand how specific contexts affect the effectiveness of contradictory alternatives. Smith and Lewis (2011) mention some of the most common tensions that contingency theory explored to discover what conditions drove particular decisions. These included mechanistic versus organic (Burns & Stalker, 1961), cooperative versus competitive, exploratory and exploitive (Tushman & Romanelli, 1985) and centralised and decentralised (Siggelkow & Levinthal, 2003).

Smith and Lewis (2011) go on to outline how paradox studies provide an alternative lens in understanding how tensions can be approached and processed. Paradox theory examines how organisations can simultaneously attend to competing demands. Cameron (1986) and Lewis (2000) state that, while deciding between contradictory tensions, as contingency theory suggests, often assists organisations in the short-term, it is a paradoxical perspective that will assist in the long-term sustainability of an organisation as continuous efforts to meet various divergent demands are what is ultimately needed.

A paradoxical approach lends itself well to corporate sustainability decision-making, as managers are challenged to simultaneously address disparately diverging yet interconnected concerns of social welfare, environmental services and economic prosperity (Bansal, 2002; Gladwin, Kennelly & Krause, 1995; Maon, Lindgreen & Swaen, 2008, as cited in Hahn, et al., 2014a). The outlook of Hahn, et al. (2014a) similarly proposes an integrative view where managers adopt acceptance or resolution strategies that embrace sustainability tensions over dismissing them (Hahn, et al., 2014b). The emergence of an integrative view accentuates the imperative for managers to concurrently, without prioritisation, pursue economic, social and environmental agendas in their sustainability endeavour.

Hahn, et al. (2014b) remark that, while many scholars agree that corporate sustainability requires managers to address diverging yet interdependent agendas, most of the literature on corporate sustainability has used, as Dentchev (2004) and

Husted and Salazar (2006) put it, an ‘instrumental logic’ to unpack how corporate sustainability decisions are made. An instrumental logic suggests that firms naturally prioritise economic needs above environmental and social needs, while simultaneously postulating that they are able to benefit financially when addressing social or environmental concerns. This logic does not take into consideration the instances when environmental and social agendas inherently conflict with the financial goals of the firm. To move beyond this instrumental logic, Hahn, et al. (2014b) suggest that there are dimensions of corporate sustainability tensions that must be considered as they go beyond the traditional triad of economic-environmental-social agendas and bring up a more complex set of strategic paradoxes. Hahn, et al. (2014b) propose that once firms embrace the multiple conflicting tensions in corporate sustainability, they “can shake off the straightjacket of the instrumental perspective that establishes a hierarchy of financial outcomes at the organisational level over other sustainability concerns” (p. 15).

2.4.1 Sustainability Tensions

The attractiveness of being able to label economic-environmental-social needs under one banner is at the heart of corporate sustainability efforts. This grouping, however, as Hahn, et al. (2014b) state, “is also its Achilles’ heel (p. 5) as it perpetuates an instrumental logic that does not take into consideration the diversity of sustainability tensions that must be understood”. While the three underlying dimensions of corporate sustainability are omnipresent, Hahn, et al. (2014b) believe a more “fine-grained analysis that further extends and specifies the economic-environmental-social triad” (p.5) is needed. The authors suggest that tensions may relate to a myriad of economic, environmental or social concerns because tensions occupy different levels, require change processes and operate in conflicting temporal or spatial frames. In order to illustrate the origins and attributes of additional tensions that arise during corporate sustainability endeavours, Hahn, et al. (2014b) raise three other sustainability-related dimensions that go deeper than the traditional economic-environmental-social triad. These include:

1. **Levels:** Corporate sustainability is a multi-level concept, and the concerns of corporate sustainability are not always considered equal when analysed across different levels (Kozlowski & Klein, 2000; Rousseau, 1985, as cited in Hahn, et al., 2014b). Tensions between varying levels often occur when concerns of particular issues are different between individual, firms and systemic levels. For example, what is considered a proper response to a sustainability issue may vary, and even contradict, between an individual decision-maker, a firm's goals and a sector's common practice. In this respect, level dimension tensions surface from the embedded nature of individual and corporate decision-making, as both of these variables are placed within a larger organisational and systemic ecosystem that places value on particular institutional issues (Donaldson & Dunfee, 1994; Granovetter, 1985, as cited in Hahn, et al., 2014b).
2. **Change:** Corporate sustainability calls for change, which often means firms must adjust their current modes of operation. If sustainable development is the overarching systemic goal, then businesses must move from their current unsustainable to more sustainable, business norms, practices, externalities and modes of consumption. In turn, this requires a change in business models, strategies, and everyday operations. From the vantage point of the firm managers, this strategic shift requires paradoxical leadership in which they are able to manage in dynamic changing circumstances. Ford and Ford (1994, as cited in Hahn, et al., 2014b) raise that a key issue in change management is whether the process consists of 'creative destruction', in which existing organisational forms are destroyed and replaced by new forms or a 'dialectical process' where conflicting components of the original organisational structure transform yet still remain as a basis for new structures to develop. As social and environmental concerns heighten, a radical change process is required. This conflicts with firms' tendency to incrementally change in such contexts as their immediate vested financial interests incentivise them to remain on their current path. Change dimension tensions can be illustrated by the controversy between firms on how they should transition to the pressing need for alternative energy sources (Pinkse & Groot, 2015, as cited in Hahn, et al., 2014b).

3. **Context:** Tensions that arise in corporate sustainability may occur from both temporal and spatial contexts. The temporal context is especially prevalent while considering the goals of sustainable development, as the intergenerational equity aspects of the triad of sustainability concerns is paramount (Held, 2001; Portney & Weyant, 1999, as cited in Hahn, et al., 2014b). However, as mentioned by several authors (such as Slawinski & Bansal, 2012, and Wade-Benzoni, 2002, as cited in Hahn, et al., 2014b), most strategies of corporations today do not consider how their current behaviour will impact the future. This generally results in firms that are dominated by short-term strategic goals. Temporal tensions may exist between the same and different elements of sustainability. For example, managers may experience tension between the same dimensions, such as short-term financial performance and long-term financial performance or tension between two different dimensions, short-term social performance and long-term environmental performance. The spatial context refers to tensions that often stem from intragenerational equity (Okereke, 2006, as cited in Hahn, et al., 2014b). Intragenerational equity is particularly relevant while considering equitable and sustainable development opportunities between underdeveloped and developed regions (Zuindeau, 2007, as cited in Hahn, et al., 2014b). Instances of spatial tensions are most often seen today when firm operations occur in both underdeveloped and developed regions, yet have drastically different social and environmental standards (Christmann, 2004, as cited in Hahn, et al., 2014b). In this highly globalised world and the free market, spatial tensions are abundant and a point of discussion when it comes to environmental or social justice issues. Too often, pollution is attributed to low-income minority communities (Pellow, Weinberg & Schnaiberg, 2001, as cited in Hahn, et al., 2014b) that are disenfranchised by such practices. Multinational firms are consistently faced with spatial tensions, as they must decide whether to abide by home country, host country or global standards (Donaldson & Dunfee, 1994, as cited in Hahn, et al., 2014b)

Hahn, et al. (2014b) integrate level, change and context dimensions with the traditional sustainability triad of economic-environmental-social dimensions to create

a systematic framework for the analysis of tensions in corporate sustainability (see Figure 3).

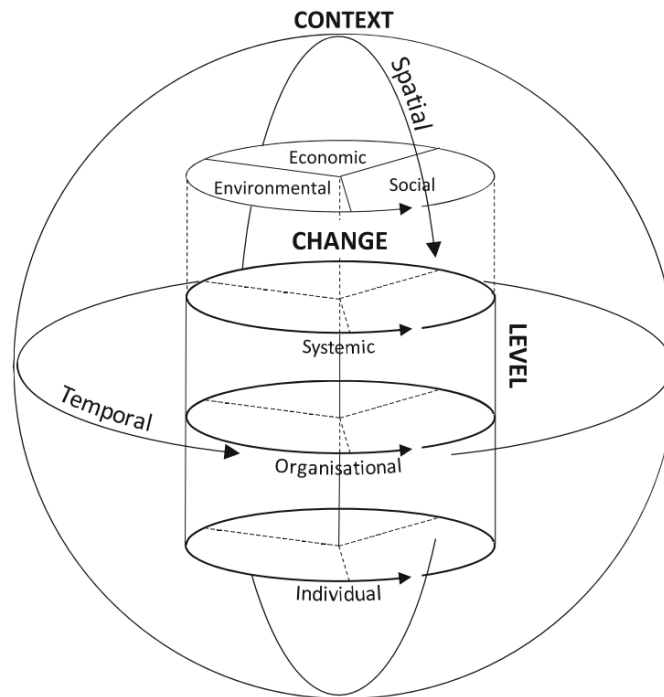


Figure 3: A Systematic Framework for the Analysis of Tensions in Corporate Sustainability (Hahn, et al., 2014b)

There is a myriad of tensions managers must face while addressing sustainability. Hahn, et al. (2012b) raise four tensions that reflect the various dimensions outlined above. These tensions, outlined below, are personal and organisational sustainability agendas; corporate short-term and long-term orientation; isomorphism and technological and structural change; and efficiency and resilience. These tensions were selected as the first three have received considerable attention in the corporate sustainability literature, and the last is a persistent debate within sustainable development circles (Hahn, et al., 2014b).

1. **‘Personal versus organisational sustainability’** tensions demonstrate the interplay between two interrelated yet distinct poles of individual agency and organisational structure (Barley & Tolbert, 1997). Personal and organisational

sustainability tensions occur most often during change processes in which individual and organisational concerns or needs are simultaneously dealt with. The underlying logic that characterises this tension is when managers' motives to address environmental or social issues contradict and therefore are limited by structural components of the firm. These tensions generally arise when individual-level factors, such as personal values, often determined by how managers make sense of sustainability decisions (Bansal, 2003; Basu & Palazzo, 2008; Cordano & Frieze, 2000; Hemingway & Maclagan, 2004), collide with organisational culture, policies, structure and incentive systems (Aguilera, Rupp, Williams & Ganapathi, 2007; Bansal, 2003; Berrone & Gomez-Mejia, 2009; Pruess & Walker, 2011). As the sustainability attitudes and behaviours of managers vary, there will not always be tensions between personal and organisational needs (Banerjee, 2001; Henriques & Sadosky, 1999), but rather between individuals across the hierarchy of the firm. These dimension levels of tensions are highly variable from individual to individual and thus must be carefully interrogated.

2. **'Short-term versus long-term orientation' tensions** illustrate the contrasting time orientations of the different dimensions of sustainability. These tensions often occur between the variety of temporal demands in which the economy, society, and the environment require. This temporal tension often occurs because sustainable development requires a longer time orientation as compared to the traditional and critiqued short-term time orientation of most firms (Held, 2001). Firms that are considering the integration of sustainability into their business strategy are confronted by intertemporal decision dilemmas, in which the course of action for short-term objectives does not align with the course of action for long-term objectives (Laverty, 1996). The intergenerational aspect previously mentioned is particularly pertinent in corporate sustainability decision-making as it is typically assumed that the time horizon of strategic decisions does not value the effect it will have on future generations (Padilla, 2002, as cited in Hahn, et al., 2014b). These tensions are especially hard to manage as most businesses rely on financial projections, which are predicted using financial tools and metrics that are complicated yet not as complex as involving environmental and social variables to the equation.

3. **‘Isomorphism versus structural and technological’** tensions operate at the interface of the change and level dimensions of sustainability tensions. These tensions arise from the fact that the only way to achieve systemic, sustainable development is for firms, industries, and entire economies to change their current modus operandi. In this transition, both technological (Vollebergh & Kemfert, 2005; York & Rosa, 2003) and structural change will be needed. Individual firms’ corporate sustainability decisions play a pivotal role in this systemic transition; however, firms are simultaneously faced and limited by institutional pressures to comply with sectorial norms. By disturbing institutionalised business-as-usual practices, a firm puts itself at risk of losing legitimacy. This leaves firm managers in a position in which they must choose between potentially disruptive innovative corporate sustainability policies and isomorphism behaviour, which perpetuates the status quo. These tensions between technological change and legitimacy come from two opposing forces. From one side, in order to keep legitimacy firms are forced to obey institutional norms that are hard for one firm to influence (DiMaggio & Powell, 1983; Scott, 2001). From the other side, firms are expected to contribute to sustainable development, which may only be possible if they pursue radical technological and structural changes that abandon institutionalised norms.

4. **‘Efficiency versus resilience of socioeconomic system’** tensions exist between organisational and systemic levels yet emphasise spatial elements. This tension exists between conflicting organisational agendas and the needs of socio-ecological and economic systems. Smith (1776) exclaimed that a successful and strong market economy is dependent on efficiency. Nevertheless, turning to more recent literature on thermodynamics and (eco)system theories, Goerner, et al. (2009, as cited in Hahn, et al., 2014b) remark that efficiency must be considered alongside resilience. If a system is not resilient, in the sense that it cannot tolerate disturbance and still return to its original state (Carpenter, Walker, Anderies & Abel, 2001), then it is not an effective system. Efficiency is often depicted through firms standardising and centralising practices, which is assumed to lead to economies of scale. Nevertheless, as homogenisation occurs, diversity in a system decreases, which in turn reduces resilience

(Holling, 1973). Homogenisation can occur at the organisational and systemic level, which creates fragility across all levels as shocks are not distributed and absorbed accordingly. The tension between efficiency and resilience escalates during situations of uncertainty. The complexity of socio-ecological and economic challenges of today results in great uncertainty that efficient firms and systems cannot prepare themselves for. Resilient portfolios, made up of a diversity of approaches and practices, are required to absorb these unpredictable shocks. However, the authors remark that a diverse system would require some firms to operate at lower levels of efficiency in order to support the resilience of the entire system.

In their framework, Hahn, et al. (2014b) take the tensions outlined above and apply various strategic approaches to them to illustrate the different ways that firms would potentially respond to strategic paradoxes. The strategic approaches that the authors specify for their scenarios are acceptance, resolution/separation, and synthesis strategies.

Acceptance strategies occur when firms understand the significance of tensions and therefore implement policies that integrate their strategic approach to address opposing tensions. Resolution or separation strategies occur when firms separate efforts to address each of the tensions individually in an isolated manner. Lastly, synthesis strategies occur when firms create alternative holistic corporate governance structures that enable them to address systemically both tensions through new modes of operation. The authors suggest an integrated management approach, which embraces tensions and allows firms to transcend these tensions through paradoxical thinking, which allows managers to productively embrace, rather than deny contradictions (Smith & Tushman, 2005). This is only possible if firms address the triad of sustainability aspects social-environmental-economic agendas “without, a priori, emphasising one aspect over another – even if this entails tensions and conflicts” (Hahn, et al., 2014b, p.15). The degree of change that sustainable development requires at the individual, organisational and systemic level equates to substantial contributions to a new trajectory that will be possible only if managers are

willing and able to understand and embrace the tensions entangled within corporate sustainability.

As discussed, the multiple dimensions of sustainability tensions beyond environment-social-economic must be examined through nuanced perspectives. The presence of tensions at various system levels, tensions ability to spread over temporal and spatial frames, and the dynamics of change processes create paradoxical contexts for leaders to make decisions. At this firm level, managers are situated as leaders who must balance these everyday paradoxes. Managers, therefore, play an essential role in cultivating a corporate sustainability environment (Bertels, et al., 2016), in which tensions are productively harnessed into embedded holistic strategies. As corporate sustainability confronts managers with decisions between complex environmental, social and economic agendas, there is utility in understanding how managers receive and make sense of sustainability decisions in their journey towards strategic orientation. By doing so, one may gain a fuller appreciation for the ambiguity and paradoxes that managers must navigate in their sustainability decision-making processes, while simultaneously begin to understand how particular cognitive frameworks are determinants of managerial sustainability stances (Hahn, et al., 2014a).

2.5 Managerial Cognitive Frameworks and Sensemaking

Building on their previous work of analysing varying dimensions in corporate sustainability, Hahn, et al. (2014a) point to the cognitive work of Mervis and Rosch, (1981) and Rosch (1975), in which scholars utilise cognitive heuristics to make sense of the complexity that individuals go through when making sense of a situation and making decisions. This work is especially important in understanding how information is received and then filtered through cognitive norms for that particular individual. The theory states that, as situations become increasingly complex, individuals' sensemaking process moves away from being perception-rooted to being category-based. Individuals fall into categorising concepts into stereotypes and schemata that align with their inherent cognitive framework.

Hahn, et al. (2014a) note that, while several scholars have utilised a cognitive lens in understanding concepts such as ‘corporate sustainability’, they do not examine how different levels of content and structure affect particular cognitive frameworks. Utilising Walsh's (1995) concepts of cognitive content and cognitive structure, Hahn et al. (2014a) analyse how cognitive frames’ differences in content and structure influence managers’ sensemaking process. Cognitive content may be defined as the ideas or things that people know, assume and believe, while cognitive structuring is how a person puts these ideas together or arranges them in their mind (Walsh, 1995).

Hahn, et al. (2014a) note that most of the research has focused on business case thinking (Carroll & Shabana, 2010) which has, in turn, resulted in the analysis of managers’ responses being along an opportunity versus threat dichotomy (Andersson & Bateman, 2000; Sharma, 2000) that is overruled by the profit-driven objectives of the firm. Similarly so, corporate sustainability has tried to fit into the short-term business orientations of firms (Hahn, et al., 2014b). As a response, Hahn, et al. (2014a) aim to develop a more comprehensive understanding of the intrinsic cognitive motivations of various responses that managers may have to sustainability tensions. Resulting from this is a cognitive framing perspective used as a theoretical lens to understand the ambiguity, and which decision-making managers face while dealing with sustainability in their firms.

The two cognitive frames proposed are a business-case framework and a paradoxical framework. Borrowing from Daft and Weick (1984) and Thomas, Clark, and Gioia (1993), the three stages of sensemaking can be laid out as scanning, interpreting and responding. Bringing together cognitive content, cognitive structuring and sensemaking, the authors outline how the two proposed frames differ in the breadth and depth of scanning, how sustainability issues are interpreted with control or valence, and ultimately how the above influence managers’ sustainability decision-making. The two frames may be used as heuristics to understand the two opposing ends points of the sustainability decision-making continuum, with one end representing those managers that do their best to align sustainability dimensions with economic objectives and then at the other end those managers that attempt to integrate the dimensions of sustainability.

2.5.1 Cognitive Frameworks

The ‘business-case’ cognitive framework is the first cognitive framework approach described by Hahn, et al. (2014a) and is based on an alignment logic in which managers attempt to eliminate tensions by focusing on environmental and social matters that align with economic needs. This interpretation allows managers to label incoming sustainability choices as either positively or negatively affecting their business, which allows them to make efficient clear-cut decisions. The framework is composed of pragmatic managerial stances of separating sustainability objectives through pursuing solutions that are attainable and work alongside the firms’ current operations (Hahn, et al., 2014b). This cognitive framework sets the foundations for a platform approach of prudent ‘either/or’ trade-offs that deals with tensions in an isolated, non-integrated systems-level manner. Business-case-framed managers often illustrate short-term thinking, which has dominated firms’ financial models, by placing value only on sustainability concerns that may be observed over a short period of time. The translation of sustainability concerns into short-term legitimacy metrics allows managers to receive feedback faster, which for them reduces ambiguity, uncertainty and presumably risk (Hahn, et al., 2014b). Slawinski and Bansal (2012, as cited in Hahn, et al. 2014b) remark that a common way that firms frame and address climate change concerns is to translate these concerns into financial metrics. For example, by bringing in the cost of carbon to their business expenses or investing resources into researching what technologies could increase their efficiency to reduce costs, a business-case logic justifies such business decisions. Managerial frameworks that follow a business-case logic can expect fast responses and feedback loops, yet this frame reduces complexity down to observable metrics, which in turn has the potential to limit innovative solutions.

The second cognitive framework described by Hahn, et al. (2014a) is the paradoxical cognitive framework. Managers with a paradoxical cognitive framework approach, as described by Smith, Besharov, Wessels and Chertok, (2012), and Smith and Tushman (2005, as cited in Hahn, et al., 2014b), understand that ambiguous complexities within their firms cannot be eliminated. They find ways to work with conflicting yet interconnected concerns of economic, environmental and social agendas, which often occupy different levels and are determined by opposing logics and time frames

(Byrch, Kearins, Milne & Morgan, 2007; Gao & Bansal, 2013, as cited in Hahn, et al., 2104a). The inclusivity of a paradoxical frame creates a complex structure with a wide scope of differentiation between sustainability dimensions, yet leads to integrated responses. Through this interpretation of tensions, managers are vividly aware of the contradictory, yet interconnected elements of sustainability. Managers with a paradoxical frame assume prudent approaches to searching for comprehensive solutions that embrace conflicting demands. Subsequently, these managers have troubling prioritising sustainability issues and also act with discretion. As a result, managers with paradoxical frames are hesitant to take drastic actions because they are wary of the repercussions that could result (Hahn, et al., 2014a).

As illustrated by the two conceptualised frames above, the more a cognitive frame is grounded in a business-case frame, the more likely it is that managers will have greater strategic focus, yet simultaneously have less of an ability to understand the complexity involved in their decision-making. The more a cognitive frame is grounded in a paradoxical frame, the more likely managers are to navigate the complexity of their decision, yet simultaneously have less focus on their strategic approach (Hahn, et al., 2014a).

Hahn, et al. (2014a), in their application and analysis of managerial cognitive frameworks, conclude that both frames are inherently limited in addressing sufficiently the tremendously complex challenge of sustainability. Rather, the authors remark that their work provides additional perspectives, aside from traditional business case thinking, into what the alternative cognitive frames could be that affect decision-making.

With the pragmatism of the business-case frame devoted to traditional routines, incremental approaches to sustainability integration are more likely to be on the horizon. One may believe that paradoxically minded firm managers will understand the need and therefore take valiant strides towards sustainability integration; however, these managers tend to avoid such gallant steps through their prude nature made up of their integrated awareness of sustainability concerns. The cognitive frames of Hahn, et al. (2014a) demonstrate why radical responses are rare among managers when they are faced with complex and ambiguous challenges that are made up of opposing yet interrelated facets. Hahn, et al. (2014a) conclude that an amalgamation of cognitive

frames may be essential in comprehensively responding to corporate sustainability. Simultaneously, the authors note that there are a number of other important elements, such as personal attributes and contextual influencers that play a significant role in the sensemaking process of managers.

Daft and Weick's (1984) three stages of sensemaking – scanning, interpreting, and responding – are outlined in the next section in order to add an additional perspective to understanding how managers receive, make sense and act on sustainability decisions.

2.5.2 Sensemaking

Scanning

In the sensemaking process, the journey towards corporate sustainability begins with the scanning phase. Here, managers begin gathering and processing information within the situation in order to reduce the complexity (Hahn et al., 2014a). In addition, they begin to gather relevant information for their consideration (Kiesler & Sproull, 1982 as cited in Hahn, et al., 2014). Due to the bias of cognitive framing, managers subconsciously give attention to information that is in agreement with their cognitive frames and simultaneously dismiss information that contradicts these (Nickerson, 1998; Palich & Bagby, 1995; Hahn, et al., 2014). In addition, during scanning, managers will go so far as to miss important information due to it escaping their cognitive categories (Kiesler & Sproull, 1982). This is particularly relevant to sustainability concerns, when managers may miss vital information that could affect their firm strategy if they are looking towards a fixed purpose or goal.

Interpreting

Research on strategic issue diagnosis (Dutton & Duncan, 1987; Dutton & Jackson, 1987; Thomas, et al., 1993) demonstrates that managers comprehend and make sense of certain aspects of issues according to those categories that constitute their cognitive frame. The interpreting phase can be best described as forming a meaning from information and clues (Porac & Thomas, 2012, as cited in Hahn, et al., 2014).

This could be understood as a process of structuring (Hahn, et al., 2014a) in which managers re-arrange the content they have received (Finkelstein & Hambrick, 1996) into workable compartments. Managers often interpret strategic issues in two opposing dimensions: sense of control over the issue and valence of the issue. A perceived sense of control by a manager reflects the extent to which they believe they have the ability to affect change in the desired way. This sense of control is neither a stable personality trait nor an objective perspective (Greenberger & Strasser, 1986). Valence on the other hand has been traditionally discussed as a manager's tendency to classify issues as either positive or negative (Chattopadhyay, Glick & Huber, 2001; Dutton & Jackson, 1987; George, Chattopadhyay, Sitkin & Barden, 2006; Jackson & Dutton, 1988; Sharma, 2000; Thomas, et al., 1993). As of late, however, organisational theorists have paid tribute to a more ambivalent nature in which managers' interpretations are more open-ended and not considered to be categorised as positive or negative. This leaves a degree of ambiguity in their decision-making process (Hahn, et al., 2014; Fong, 2006; Gilbert, 2006; Plambeck & Weber, 2009, 2010) and may equate to increased unknown variables.

Responding

Sensemaking scholars would argue managers' responses will differ, depending on cognitive frameworks (Hahn & Figge, 2014) and those experiences they have during their encounter (Palmer & Dunford, 2008) with sustainability. Understanding both the pre-perceptions and current experiences is essential in understanding how managers deal with tensions. Hahn, et al. (2014a) define a stance as decision-makers' rationalised understanding of information, which in turn results in them behaving in a particular way. Further, the authors agree that depending on the breadth and depth of

managers' sense of control and issue of valence during the scanning and interpreting phases, they will typically result in pragmatic or prudent positions during their adoption of sustainability.

2.6 SME Managers' Sustainability Orientation

2.6.1 Firm Size

Dating back to the 1960s and 1970s, keynote organisational theorists remarked that firm size and ownership type were key factors to consider (Blau, 1970; Williamson, 1967, as cited in Hamann, Smith, Tashman & Marshall, 2015) while attempting to understand how these organisations operate and orientate. Literary conversations into the late 1990s note the empirical evidence that the size of a firm is a considerable determinant of a company's green strategy (Bianchi & Noci, 1998). Further into the 2000s, firm size has increasingly been identified as a factor of environmental responsiveness (Baumann-Pauly, Wickert & Spence, 2013; Berrone, Cruz, Gomez-Mejia & Larraza-Kintana, 2010, as cited in Hamann, et al., 2015).

In the emergence of studying SMEs' responses to sustainability-related matters, scholars have traditionally utilised a 'green strategies' lens through analysing firms' environmental behaviour in response to their negative externalities. From an environmental responsiveness lens, Bianchi and Noci (1998) note that, while there is growing pressure for firms to consider environmental challenges, there is limited research on SMEs. More recently, Del Brío and Junquera (2003), in their review of economic literature studying the characteristics of SMEs management of environmental innovation, note that there is scarce empirical evidence into understanding SME's environmental strategies.

While there is a plethora of literature on corporate sustainability, researchers cannot apply this analysis and theorising into the SME context (Hamann, et al., 2015). Furthermore, as Parker, et al. (2009) accentuate, SMEs themselves exhibit drastically differing characteristics, as they are a significantly diverse sector of corporate society that exemplify varying business and environmental improvement aspirations. Therefore, further empirical studies and development into understanding SME

sustainability orientations must be undertaken. Many authors suggest the research area needs to be further explored to capture the multitude of dimensions that must be considered in order to understand the sustainability decision-making of SMEs (Del Brío & Junquera, 2003; Parker, Redmond & Simpson, 2009; Klewitz & Hansen, 2014; Hamann, Smith, Tashman & Marshall, 2015) as they are a vital segment of corporate society. Due to the diversity of SMEs and that managerial individuality plays a large role in SME sustainability orientation it is especially difficult for empirical research to develop over-arching conclusions. Yet, as this review will later address, this individuality provides a gap of opportunity for further exploration into where theory and practice may meet.

2.6.2 Emergence of SME Sustainability Research

Del Brío and Junquera (2003) note that SME environmental management studies took hold in April 1997 after the Informal Environment Council took place under the Danish Chairmanship. The report concluded that SMEs were an important driving force for economic and employment growth in the European Union, however as authors note there was little quantitative data regarding SMEs' environmental impact. Even as recently as 2003 there was no public data available on the pollution produced by SMEs in the European Union. Del Brío and Junquera remark that past literature has not taken much heed into investigating SMEs' sustainability impact, as it was previously perceived that SMEs had little concern for environmental concerns. More recently, Parker, et al. (2009) report that SMEs account for over 90% of businesses worldwide, and approximately over 95% of private sector businesses in industrialised economies (Schaper, 2002), which contributes an estimate of 70% GDP and two-thirds of formal employment in developing and emerging economies (United Nations Environment Programme, 2014). Subsequently, SMEs are believed to be responsible for approximately 60% of global carbon dioxide emissions and up to 70% of all pollution (Parker, et al., 2009).

The negative effect SMEs are believed to have on the environment alone justifies the need to examine further and understand SME sustainability decision-making. Taking a positivist lens, Parker, et al. (2009) exclaim that SMEs play a substantial role in

global job creation, contribute significantly to innovative practice creation and competitive markets. Furthermore, Klewitz and Hansen (2014) point out that SMEs are increasingly being recognised as key players towards sustainable development and a key segment of corporate society to engage with if we are to transition to a resource-efficient economy (United Nations Environment Programme, 2014). Taking into account the negative and positive impacts of SMEs, interrogation into how we may encourage SMEs towards sustainability orientation so as to create positive value to the market is a noteworthy consideration.

2.6.3 Sustainability Barriers for SMEs

The literature that has examined SMEs' responsiveness to environmental and sustainability challenges and has concluded that there are a number of both barriers and opportunities. Hillary (2000) characterised SME owner-managers as ignorant to the environmental impacts their firm created, as lacking the necessary tools and resources to address environmental challenges, as resistant to voluntary change due to cost, time and resources, as sceptical of any business benefits of sustainability and in general difficult to engage with or discuss any matters that involved their firm's environmental impact.

Del Brío and Junquera (2003) list numerous factors that have hindered SMEs' responsiveness to environmental pressures. Several of these are: limited financial resources, organisational structures, managers' scarce environmental training and short-term orientation, and SMEs' limited ability to radically innovate. SMEs often find themselves engaged in 'fire-fighting' efforts that focus on current performance metrics over long-term strategic focuses. Parker, et al. (2009) state that limited resources, limited knowledge, and limited technical capabilities are key barriers that SMEs experience in dealing with their negative environmental impact. Furthermore, the authors suggest that SME managers assume that local and national governments are responsible for leading the way towards environmental improvements and that it is more important for larger corporations to make these adjustments. Going hand-in-hand with this mentality is the fact that SMEs are sceptical of the business benefits of making environmental improvements and tend to make strategic shifts only if there is

a clear reduction in the associated business costs (Hillary, 2000; Revell & Blackburn, 2007). In a later publication, Revell, Stokes and Chen (2008) delineate that previous studies of SMEs' environmental practices portrayed owner-managers as downplaying environmental impacts and turning a blind eye to environmental management procedures due to perceived costs.

2.6.4 SME Sustainability Orientation Typologies

Several scholars have attempted to understand SME sustainability orientation by categorising their strategic responses to environmental and social pressures. The literature indicates that most firms' responses fall into several similar categories. These categories generally range from being most reactive and less likely to comprehensively consider sustainability to those firms that are innovative and more likely to holistically integrate sustainability into their strategies.

Those SMEs that are least likely to integrate sustainability into their firms are categorised by Klewitz and Hansen (2014) as resistant in that they ignore environmental and social externalities beyond compliance. Noci and Verganti (1999) similarly identified these kinds of firms as only reacting to external stimuli such as regulations and surprisingly by the environmental behaviour of firms outside of their sector. On the bottom rung of Parker's (2009) taxonomy are profit-driven firms, which adopt any strategy that may reduce costs, even if it means disregarding regulations. These firms are often found in contexts in which managers expect to get away with practices that have a negative impact on society and the environment. Compliant-driven firms are purely focused on surviving in a competitive industry (Mir & Feitelson, 2007; Revell & Blackburn, 2007, as cited in Parker, 2009) and are motivated by, in a reactive sense, to customer demands (Aragon-Correa & Cordon-Pozo, 2005) or regulatory requirements (Mir, 2008, as cited in Parker, 2009). The authors remark that compliant-driven SMEs generally have a low degree of business performance commitment. Then there are firms that are often categorised as anticipatory because they realise the competitive advantage of investing in environmental initiatives that will pay off in the long term (Parker, 2009). These firms often incrementally innovate in order to reach a competitive advantage yet do

not have an integrated approach (Klewitz & Hansen 2014). Moving closer to firms that are more likely to integrate sustainability strategies into their firms are innovation-based firms who are first movers in proactively finding solutions to environmental and social issues (Klewitz & Hansen 2014). These advantage-driven firms are characterised by owner-managers that focus on financial goals by pursuing environmental improvement metrics. These firms are innovative and opportunistic through the realisation that business performance and profit maximisation are integrally linked with environmental considerations (Parker, 2009). Those SME firms may be characterised as sustainability-rooted (Klewitz & Hansen 2014) and environmentally driven firms (Noci & Verganti 1999). These firms do not only realise their interaction with external actors, but also often prioritise overarching sustainability goals over isolated financial goals.

2.6.5 Interventions

The taxonomies created by Noci and Verganti (1999), Parker (2009), and Klewitz and Hansen (2014) that categorise SMEs' sustainability orientation are useful in gaining perspective into the ways in which firms respond to environmental and social pressures. The means by which firms are engaged is an equally important aspect to examine, as the effectiveness of particular intervention strategies may vary and, furthermore, specific intervention approaches may be needed from firm to firm. Parker, et al. (2009) suggest that research into intervention strategies tends to be quite polarising between regulation-driven and voluntarily driven. While there has been research that addresses sustainability drivers and barriers, research that systematically compares the effectiveness of particular intervention types for specific firms is still emerging. There are two primary challenges with the current one-dimensional approach to studying the drivers and barriers towards SME environmental and social improvements. Firstly, the approach does not distinguish between the internal characteristics of firms' environmental commitment and business performance and the external pressure of incoming interventions. Interventions are generally commissioned by external stakeholders in order to alter SME behaviour through tactics of regulations, financial incentives, and education. The second issue with the current SME intervention research is that it does not assist in developing a framework

that may be used for programmes that take into account both SME characteristics and interventions. This has stirred a debate into determining which intervention strategies are truly effective. Moreover, Parker, et al. (2009) note that, while there is increasing evidence showing that particular interventions are thought to be effective for specific SMEs, there needs to be more research into understanding what intervention methodologies may be most universally effective in encouraging collectives of SMEs to engage in environmental and social behaviour.

2.6.6 SME Managerial Significance

Hamann, et al. (2015), in their study of South African SME wine farms' environmental responsiveness, found that managers' environmental responsibility was a key factor in determining firms' environmental orientation, which they note align with previous studies done by Marshall, Cordano and Silverman (2005) and Williams and Schaefer (2013). The study by Hamann, et al. (2015) found that managers believed that their personal environmental orientation was easily translated into the firms' practices due to the "high degree of direct control they have on operations and their influence on the organizational culture in small, informally managed organizations" (p. 23). Subsequently, the personal values of managers were identified as an important factor in SMEs' environmental responsiveness. Cordano, Scott and Silverman (2009) noted that SMEs with few employees under a simple organisational structure that was headed by an owner/manager were generally sensitive to the managers' attitudes regarding environmental matters, as they were the ultimate decision-makers in the firm. The authors also comment that SMEs rely on informal networks of managers within industries, which is highly subjective to the collective of managerial attitudes and norms in a given industry (Rothenberg & Becker, 2004). Environmental management systems or sustainability change campaigns attempting to influence industry practice must orientate their campaigns to engage with the personal belief systems of individual managers (Cordano, et al., 2009) as managers are seen as the internal locus of control among SMEs' strategic decision-making (Williams & Schaefer, 2013).

2.7 The Significance of Managers' Experience

Tilley (1999) remarks that when it comes to SMEs, there is no mechanical 'one-size fits all' approach to ensuring a strategic transition towards environmental orientation or responsiveness to sustainability pressures. Hence, Tilley stresses the need to analyse SMEs in a case-by-case manner, to interrogate SMEs' internal workings as a unique sector of corporate society and to further explore the patterns and factors that influence sustainability change among SMEs. The aforementioned diverse nature of SMEs, coupled with every manager going along their own unique sensemaking process while facing the numerous dimensions of sustainability tensions (Del Brío & Junquera, 2003; Hahn, et al., 2014b) makes it complex to fully grasp exactly what leads to sustainability decision-making among SME firm managers (Parker, et al., 2009). SME sustainability strategy is highly influenced by managers' positions on sustainability related matters due to SME managers' high degree of control in decision-making (Hamann, et al., 2015). Therefore, managers' personal beliefs and sensemaking process shape firms' sustainability orientation (Williams & Schaefer, 2013).

To address and understand the relevance of the open-ended subjectivity of SME managers' sustainability decision-making processes, it is important to consider the work of institutional theorists who have dedicated studies to understanding the significance of the lived experience. This devotion to the human experience is evident in Foucault's (1999) proclamation that an individual's "highest social aspirations and deepest yearning are experiential" (as cited in Nilsson, 2013, p.4). The experiences a person has must be recognised and studied, as they have dynamic and fluid interplay with one's own subjective conscious, the decisions they make, the states of others around them and the wider context which they occupy such as a firm's strategic orientation.

2.7.1 Legitimising Signals

Before exploring why managers' particular experience of sustainability tensions is highly significant, we must turn to the conventions of institutional theory. Nilsson notes that the traditional notion of 'legitimacy' relates to behaviours being evaluated and judged by their symbolic appropriateness and alignment with cultural norms and beliefs. In essence, with this definition legitimacy is granted only to observable actions that align with societal definitions. With this traditional understanding of what is and what is not considered legitimate, only subsequent evaluations (DiMaggio & Powell, 1991, as cited in Nilsson, 2013) in the form of signals of what people do that fit into social structures of what has occurred is granted legitimacy. In this way, agents' interior subjective experience is not considered while evaluating phenomena, but rather, legitimisation is awarded to visible forms that align with socially constructed arrangements of how observers understand the world (Nilsson, 2013). Nilsson (2013) remarks that empirical studies have taken up this symbolic conceptualisation of legitimacy, which results in visible behaviours or cognitive frameworks dominating our evaluation. Symbolic legitimacy would indicate that sustainability orientation is evaluated by managers' participation in a sustainability programme and not by how managers are personally experiencing sustainability decisions or the intervention. With this, managers may be addressing sustainability in a normative observable fashion; however, these visible forms of behaviour are only a piece of the puzzle in truly understanding how lasting integrated sustainability decisions are made. Therefore, as indicated in the previous sections by Hahn, et al. (2014a), sustainability decisions are often translated by associating familiar decisions to new frameworks or new decisions to familiar cognitive frameworks (Boxenbaum & Pedersen, 2009; Colomy, 1998; Zilber, 2002, 2006, as cited in Nilsson, 2013). With this pervading understanding, sustainability decisions are analysed through the lens of known theories that are categorised as reinforcing cognitive frameworks coupling with managers' decisions. Nilsson (2013) points to Fligstein's (1997) discourse on the characteristics of the social skills involved in institutional work as being legitimised by how these social skills are recognised, not by how agents are subjectively thinking or feeling.

2.7.2 Legitimising Managers' Range of Experience

Utilising the lens of legitimising those understood and observable forms, such as cognitive frameworks, managers' decisions are evaluated by conjoining theoretical propositions with sustainability behaviours. This analysis is valid, yet it reinforces the field of cognitive frameworks theory alone. By developing a deeper appreciative inquiry for the inner experiences that individuals are often discouraged to express, we may move away from rational modes of analysis and evaluation that tend to remove the observer from the immediate lived experience of the individual involved (Rathunde, 2001, as cited in Nilsson, 2013). Voronov and Vince (2012), in particular, argue that it is imperative for institutional theory to acknowledge and further study the implications of emotional and often unconscious processes that strongly influence individuals' actions in organisations. Nilsson and Paddock (2013), on the other hand, when writing about the significance of individuals "inner experiences" mention that these are not only made up of emotions, but include a range of other dimensions that make up one's conscious and sub-conscious, such as intuitions, ideas, fears, aspirations, memories and values. In this respect, all managers go through their own inner experience while encountering sustainability tensions that, depending on the situation and their own sensemaking experience, can be highly variant from individual to individual and context to context, triggering each manager to respond in accordance with their lived experience.

Voronov and Vince (2012), in particular, assert that there needs to be a closer examination given to emotional aspects of the interior human experience that is often neglected or considered irrational. The authors proclaim that emotions are an essential element of human consciousness and play a major role in influencing the reproduction or change of human behaviour, routines and rituals. The authors argue that individuals' feelings become embedded as emotional investments that often end up having a stronger sway than cognitive reasoning in circumstances that require an individual to challenge their own mental models or the status quo as emotional experiences enable individuals to 'go the extra mile' (Lawrence & Suddaby, 2006, as cited in Voronov & Vince, 2012). Similarly, Pye (2005) agrees with Voronov and Vince (2012) that highly subjective real-time sensemaking processes that are driven by identity construction and plausibility over accuracy can supersede what may be

considered rational decisions, which Palmer and Dunford (2008) claim often happens during sustainability decision-making processes.

Tapping into the elements of managers' inner experiences is necessary. Intuition, in particular, has been shown to guide how managers make decisions in the context of unstructured, ambiguous and complex dilemmas, such as sustainability issues that stretch many individuals cognitive frameworks and usual sensemaking stages (Bertels, et al., 2016). Butterfield, Borgen, Amundson and Erlebach (2010) believe that further exploration into the everyday experiences of individuals is essential to understanding how and why change occurs. This is particularly relevant to managers' sustainability decision-making, as these strategic choices do not happen all at once but over a period of time of incremental pivoting from current business practices to new operations. Bertels, et al. (2016), in their study of CEO sustainability decision-making, found that past experiences, values and intuition often affected how CEOs made decisions. These findings emphasise the need to acknowledge the interplay between rational strategic-based decision-making and the more experiential factors that arguably impact how managers make sense of and respond to sustainability tensions. The authors go as far as to suggest engineering immersive experiences in which managers can see first hand how their business operations, directly or indirectly, influence social or environmental challenges. They remark that these experiential immersions are proven to be highly effective in connecting CEOs to sustainability challenges in a way that can shift their strategy practice. If researchers recognise that managers do not make decisions only to advance a particular set interests (DiMaggio, 1988), such as Hahn, et al.'s (2014a) business-case frame explanation, but also to attend to their inner experiences or emotional needs (Brown, 1997; Creed, DeJordy & Lok, 2010; LoK, 2007, as cited in Voronov & Vince, 2014), then there is a higher likelihood that researchers will comprehensively understand the range of ways managers scan, interpret and respond to sustainability tensions (Voronov & Vince, 2012). Managers' sustainability decision-making cannot be reduced to obvious observable or associations of behaviour with cognitive framework theories and societal norms. Visible forms, such as a manager's decision to participate in a sustainability intervention or a manager behaving in a way that resembles a particular cognitive framework may, to the eye of the beholder, cause one to suspect a particular set of strategic decisions, however as Nilsson (2013) explains,

these signals are recognised because they are forms we know and understand, and they do not necessarily guarantee a clear course of action.

2.7.3 Bringing Inner Experiences to the Forefront

Managers' inner experiences will only begin to be legitimised for their inherent worth if they are surfaced and shared. As Nilsson (2014) remarks, if these internal and highly subjective experiences, which are not easily observed, remain invisible, then they may not be socially evaluated and therefore taken into consideration as holding materiality while attempting to understand decisions. Bertels, et al. (2016) note that when CEOs were asked to share what influenced their thinking of sustainability in relation to their business, they shared inner personal experiences and memories of time spent in nature that connected to them to the land. If CEOs were only asked about their sustainability from a contextual strategic perspective, then it would not be possible to unearth how these experiences and memories were key determinants in influencing CEO's sustainability decisions today. These insights give practitioners information on what kind of experiences they should surface and remind managers of, or even, as previously mentioned, engineer, use to influence how managers behave in the future.

Nilsson and Paddock (2013) borrow the expression 'iniscing' from poet Gerard Manley Hopkins, who coined the term 'to iniscape' as a way to capture the invisible or interior essence of a thing – such as a tree or a person for example. The authors apply the term 'iniscing' to organisational development as being the practice of surfacing the every-day inner experiences of organisational members. They note that 'iniscing' may sound or appear to be a fluffy or utopian practice, however, these inner experiences are grounded in the reality of what people are actually experiencing versus what organisations may hope for their members to be experiencing. Similar to Voronov and Vince's (2012) claim that supporting emotions enable individuals to go the extra mile, Nilsson and Paddock (2013) note that the most resilient organisations that they worked with did not necessarily share similar strategies or organisational structures, but rather they put attention towards surfacing the inner experiences of members. The highly varied structure, resources and strategic outlooks of SMEs

makes it difficult to ascertain how a given firm will respond to sustainability pressures; however, recognition and surfacing of the core leaders' and managers' inner experiences could be a strategic sound starting place for examination. If personal and less business-orientated inner experiences are not asked about, then researchers and practitioners will not have the full spectrum of factors that influence managers' decision-making.

Nilsson (2013) remarks that, while there is not a lot of research supporting the claim, creating and creating and sustaining positive phenomena (which may lead to effectiveness) in organisations requires regularly sharing interior states. Hoffman and Haigh (2011) draw attention to the importance of positive associations and experiences during effective sustainability change processes. As a practical example of how to leverage the influence of perceived positive experiences during sustainability encounters, the authors suggest altering the framing of sustainability weaknesses in organisations from 'deficit gaps' to 'abundance gaps'. Practitioners can use these tactics by putting special attention into ensuring sustainability change management programmes are enjoyable or a positive experience for participants. Nevertheless, these experiential categories of positive and negative are, in a way, socially constructed (Fineman, 2006, as cited in Nilsson, 2014), and are difficult to disentangle both institutionally and cognitively from one context to another.

Nilsson (2013) points to two results of experiential surfacing that may enable optimal functioning in individuals and organisations. First, experiential surfacing enables positive experiences to diffuse from individuals to whole organisations. "Positive emotions and virtues have a contagious, amplifying effect that can propagate through self-reinforcing spirals" (Bright, Cameron & Caza, 2006; Cameron & Caza, 2002; Cameron, Bright & Caza, 2004; Frederickson, 2003; Rhee & Yoon, 2012; Walter & Bruch, 2008, as cited in Nilsson, 2013, p. 17). Many SME firms have simple organisational structures with a small number of employees and limited geographical reach (Cordano, et al., 2009). Therefore, managers' attitudes are suspected to influence the majority of those decisions made in the firm. This suggests that managers' positive experiences of sustainability would diffuse into the organisation to enable the creation of new routines and norms of employees. Similarly, SME firms' strategic orientation greatly relies on informal networks of industry peers (Rothenberg

& Becker, 2004). Significant sector and regional sustainability transitions could occur if managers were sharing positive experiences with one another at industry cluster networking events. Nilsson (2013) comments that experiential surfacing can create a legitimating dynamic that allows patterns of positive experiences to stabilise spatially and temporally. If experiences are continually being surfaced and shared among institutional agents or sector managers, then shared experiential evaluation can result, which would reinforce and maintain the institutional significance of sharing inner experiences. Not only can this result in researchers and practitioners legitimising experience for practical corporate sustainability engagement processes, but if managers are sharing their interior states or experiences of sustainability with one another, they “feel the rightness and wrongness of their mutual creation and try to adjust it toward ways that make it feel more right,” (Quinn, in Cameron & Caza, 2002, p. 36, as cited in Nilsson, 2013), which can shape regional SME clusters to enable local learning, knowledge development, productive competition and local economies of scale (Keeble & Wilkinson, 2010; Maskell & Malmberg, 1999).

It is important to remember that surfacing interior states requires a higher than usual emotional carrying capacity for most workplaces, as this process opens up the possibility for a wide variety and intensity of emotions to emerge (Dutton & Heaphy, 2003; Stephens, Heaphy & Dutton, 2012, as cited in Nilsson, 2013) in an environment that is not inclined to deal with these. With this in mind, there are limitations in asking managers about their experience as experiential surfacing is constrained by ‘feeling rules’ and ‘emotion-display conventions’ (Fineman, 2006, as cited in Nilsson, 2013) that differentiate between institutional fields (Voronov & Vince, 2012) and organisations. Voronov and Vince (2012) go on to state that “emotions, desires, and fantasies”, all of which are interior states, are “more or less automatically produced” (p. 64). Nilsson (2013) summarises the institutionalised nature of one’s interior states in that “experience is not a response to institutions. It is an expression of them” (p. 19). Subsequently, an additional stumbling block to normalising managers’ surfacing of inner experiences is that monitoring and evaluation procedures would also have to adopt an experientially appreciative lens. Building on this, one must also be aware that inner experiences are also socially embedded as individuals make sense and share their experiences based on terminology (Schildt, Mantere & Vaara, 2010) that is largely configured by institutionalised logics (Thornton, Ocasio & Lounsbury, 2012)

and cultural narratives (Zilber, 2009) that are appropriate for that institutional field (as cited in Nilsson, 2013) or sector. While the above indicates that, due to institutional influence, experiences are, in essence, not authentic representations of how individuals really feel, then one can assume that what is being surfaced and shared is in reality, institutions. With this in mind researchers can receive grounded illustrative clues to some of the most embedded subconscious intuitional patterns (Nilsson, 2013) influencing not just our decisions, but how we experience, make sense of and respond to life. As an anecdote to the aforementioned, and if experiential surfacing is to be legitimised, Nilsson (2013) accentuates that we “would need to take account of both tensions and complementarities among multiple types and sources of legitimacy in a given social space. Sources of experiential legitimacy would only be part of the picture” (p.22).

2.7.4 Conclusion

The emergence of corporate sustainability risks and opportunities is becoming increasingly relevant for small- to medium-sized enterprises (SMEs) as they continue to be identified as major contributors to the world economy and sustainability challenges. Third parties with sustainability agendas are increasingly approaching SMEs as they have been identified as a key driver to a resource-efficient economy due to their adaptability and flexibility (United Nations Environment Programme, 2014).

Just as large corporate CEOs face strategic paradoxes and tensions when encountering sustainability, SME managers must also adopt paradoxical leadership styles (Lewis, et al., 2014) to make strategic decisions amid the complexity and ambiguity that sustainability presents. Due to SME managers’ high degree of decision-making in their firm (Hamann, et al., 2015), they have been identified as key organisational agents in achieving sustainability integration. The high degree of managerial control in SMEs presents itself with another paradox as this emphasis of subjectivity presents highly individualised sustainability decision-making processes from firm to firm. This ‘key-man risk’ of unpredictability may also present an opportunity for practitioners as we learn that personal belief systems, values, memories and emotions

may be surfaced, appreciated and nurtured towards encouraging sustainability orientations. Nevertheless, managers may themselves be struggling between internal paradoxes and tensions between their cognitive sensemaking process and say their intuitive or values-based sensemaking process. The tensions experienced by managers is worth deep interrogation so researchers may more fully understand how other internal, less rational, objective and strategic, subjective paradoxes play a significant role in managerial sustainability decision-making. While this literature review develops a position on how inner experiential states of managers have a significant influence on their strategic decisions, there is an 'abundance gap' for empirically understanding what kinds of subjective experiences and contextual circumstances lead to pro-sustainability decision-making.

CHAPTER 3: METHODOLOGY

3.1 Chapter Introduction

This study was a qualitative inductive exploratory process to understand how small-to-medium sized enterprises' managers' experiences of sustainability tensions influenced their sustainability decision-making. Through this endeavour, the primary concern was to discover and understand as much as possible about the research question area of study (Jupp, 2006). I positioned myself within the perspective of an 'explorer' where my aim was to perform social inquiry into the structures, processes and relationships at work (Given, 2008). Through the research process, I was an insider/outsider as a participant-observer. This influenced the objectivity of the study (Wellington & Szczerbinski, 2007). Nevertheless, through a thorough and systematic data collection and analysis process, these limitations were remedied.

The methodology was grounded in the Gioia Methodology (Gioia, Corley & Hamilton, 2012), which aimed at generating creative new theories while also retaining qualitative rigour and building on existing theory. My approach also included elements of Eisenhardt's (1989) theory building from case studies, which assisted efforts to study cases that shared similarities and had differences. This was illustrated through my collective case study approach in which I selected more than one case from two samples. This allowed the study to gain a wider and deeper understanding in the particular context (Cousin, 2005). The figure on the follow page outlines a brief comparison of the Gioia and Eisenhardt case study methods.

	The "Eisenhardt Method"	The "Gioia Method"
Key methodological reference	Eisenhardt (1989a)	None, but see Gioia (2004) for personal reflections on research philosophy
Exemplar empirical articles	Eisenhardt (1989b), Brown and Eisenhardt (1997), Martin and Eisenhardt (2010)	Gioia and Chittipeddi (1991), Corley and Gioia (2004), Gioia et al. (2010)
Central methodological inspirations	Yin (2009) on case study research, but see also Miles and Huberman (1994)	Glaser and Strauss (1967); Strauss and Corbin (1990) on grounded theory
Epistemological foundations and purposes	<i>Post-positivist assumptions</i> <ul style="list-style-type: none"> – Purpose: developing theory in the form of testable propositions – Search for facts (e.g., emphasis on court-room style interviewing) – Product: nomothetic theory 	<i>Interpretive assumptions</i> <ul style="list-style-type: none"> – Purpose: capturing and modeling of informant meanings – Search for informants' understandings of organizational events. – Product: process model/ novel concept
Logic of the method	<i>Design to maximize credible novelty</i> <ul style="list-style-type: none"> – Multiple cases (4–10) chosen to be sharply distinct on one key dimension (e.g., performance) while similar on others – Interview data with diverse informants – Identify elements that distinguish high and low performing cases building on cross-case comparison – Validity and reliability from multiple researchers, triangulation of data 	<i>Design for revelation, richness and trustworthiness</i> <ul style="list-style-type: none"> – Single case chosen for its revelatory potential and richness of data – Real-time interviews and observation – Build "data structure" by progressive abstraction starting with informant first-order codes and building to second-order themes and aggregate dimensions – Trustworthiness from insider-outsider roles, member checks, triangulation
Rhetoric of the writing	<i>Establishing novelty</i> : Contrasting findings with previous research; <i>Providing evidence</i> : Data presentation in two steps: (a) data tables; (b) narrative examples of high and low cases	<i>Establishing the gap</i> : Show how this study fills a major gap <i>Distilling the essence</i> : Present the data structure emphasizing second-order themes and overarching dimensions
	<i>Offering explanation</i> : Ask why for every proposition. Reasons offered building on data and literature; <i>Integrating contribution</i> : Link separate propositions together to build theory	<i>Elaborating the story</i> : Elaborate the model in two ways; (a) present the narrative; (b) additional quotes in tables <i>Reaffirm contribution</i> : Return to opening gap to show novel insight.

Figure 4: Comparison of the Eisenhardt and Gioia Methods (Ann Langley & Abdullah, 2011)

A phenomenological philosophy was carried throughout the research approach in seeking to understand the qualitatively different ways in which managers experienced sustainability tensions. This approach utilised a first-order perspective in that the

aim was to find out and understand the various ways subjects experience the world around them (Marton, 1981). This is of particular importance in that the study focused on the lived experiences of individuals rather than the group involved in the study, equating to the recognition that there is not one single reality in how phenomena are experienced and interpreted. This is particularly pertinent to the fact that this study was carried out over a year-long period, which means that experiences were perceived under a variety of dimensions in these individuals lives that could have influenced their unique subjective interpretation of their experience (Hesse-Biber, Leavy, 2010). Carrying this underlying philosophy into the research approach, I did not study managers' attitudes or perceptions of sustainability tensions, but rather aimed to understand how they individually experienced sustainability tensions. As Van Manen (1990) stated, this philosophy gives "a grasp of the very nature of the [phenomena]" (p. 177) in order to capture the essence and materiality of the lived experience.

Following the methodology, the research process is presented to chronologically outline the phases of the research plan, as well as what methods were employed and who was engaged. The next section provides details on data collection, which includes the context and how participants were selected. Following this, the respondents, which were made up of two groups who were analysed as one broad, diverse sample, are described. After that, the next section outlines how the information was gathered via interviews and how it was analysed with qualitative data analysis software. The chapter closes with providing details on the reliability and validity of the study in the context of qualitative research.

3.2 Gioia Methodology

The Gioia Methodology was employed to deconstruct the study's research questions and in order to conduct an exploratory inductive qualitative study. This methodology aims to present a way of conducting, interpreting, analysing and presenting data that goes beyond the traditional approach of qualitative research, which according to the authors still designs and delivers theory according to the principles of the scientific method. The authors note that this approach to discovering new knowledge is based

on building onto existing knowledge. This limits researchers from contributing to the advancement of theory as it is grounded in refining existing ideas rather than developing novel, revolutionary concepts. The authors note “these time-honoured precepts, as widely applicable as they might be and as undeniably useful as they often are, do not encourage the kind of originality [they] would most like to see in [their] theorising” (p. 16).

Gioia, et al. (2012) remark that in the traditional approach to theorising, attention is given to construct elaboration. They comment that constructs are abstract formulations, which focus on a phenomenon (Edwards & Bagozzi, 2000; Morgeson & Hofmann, 1999; Pedhazur & Schmelkin, 1991). However a construct is typically created so that it can measure attributes to be quantified as variables. In qualitative studies, the authors note that researchers must go beyond variables that can be measured and must instead focus on concept development. Concept development involves capturing attributes that help researchers describe phenomena, which provides the conditions for determining the constructs of a phenomenon. These descriptions and explanations assist researchers in unearthing concepts that can be used in theory building and can ultimately lead to the validation of constructs. Gioia, et al. (2012), on the other hand, exclaim that while examining organisations via constructs is useful, it can impede researchers from understanding the complex dynamics and essence of the processes involved in organisational experience (Langley, 1999 as cited in Gioia, et al., 2012). By acknowledging social constructs, which arguably shape how individuals understand their experience, researchers can focus less on the quantity of measurable occurrences, but rather on how these occurrences are being experienced. Eisenhardt (1989) agrees that it is important for theory-building research to begin without considering theory, however, as the author remarks “admittedly, it is impossible to achieve this idea of clean theoretical state” (p. 536), instead the researcher must attempt to do so in order to prevent cognitive bias which may taint the findings.

In this respect, the Gioia Methodology constructs a systematic inductive approach to theorising that addressed the conflicting demands of needing to meet scientific rigour while also contributing to unique theoretical advancement. The current study sets out to achieve qualitative rigour yet also maintain the creative potential to produce novel

insights. Therefore, it seeks to apply a systematic methodology, grounded in credible and thorough interpretations of data that would result in reliability and valid conclusions.

While employing the Gioia Methodology, several grounded assumptions must be considered. Gioia, et al. (2012) note that the organisational world is socially constructed. Therefore I interrogated the processes in which participants were experiencing and how these experiences related to the organisational context. Secondly, participants were considered as knowledgeable agents with the acknowledging that they construct their organisational realities in a coherent fashion that legitimises them as knowing what they were trying to do while also having the ability to explain their intentions and subsequent actions. I, therefore, ensured I gave participants a voice, which allows for the discovery of novel ideas rather than re-confirming current theory. Gioia, et al. (2012) refer to researchers as taking on the role of ‘glorified reporters’ whose primary purpose is to provide an accurate and reliable explanation of the participants’ experience.

3.3 Method

The following method's section outlines the research design, the methods used and the context in which the study took place. Additional information on the sample selection and the research instruments used is outlined thereafter. Table 1 below displays the research design process I went through in this study.

Table 1. Research Design

<i>Period 2015-16</i>	<i>Phase</i>	<i>Description</i>	<i>Process</i>
<i>March – June 2015</i>	<i>Secondary source data gathering</i>	<i>Literature Review</i>	<i>Background research for theoretical framework</i>
<i>May-October 2015</i>	<i>Field work</i>	<i>Participant observation</i>	<i>Assisting consultant and researcher during Eco-innovation</i>

			<i>intervention programme</i>
<i>October 2015</i>	<i>Field data gathering</i>	<i>One-on-one interviews: Round 1 / Sample 1</i>	<i>Interviews with managers participating in Eco-innovation intervention programme</i>
<i>November – December 2015</i>	<i>Field data gathering</i>	<i>One-on-one interviews: Round 1 / Sample 2</i>	<i>Interviews with managers not participating in Eco-innovation intervention programme</i>
<i>February – March 2016</i>	<i>Data analysis</i>	<i>Preliminary data analysis of Round 1 interviews</i>	<i>Reviewed field notes and transcribed interviews</i>
<i>March – July 2016</i>	<i>Secondary source data gathering</i>	<i>Literature Review</i>	<i>Revision and narrowing of theoretical framework</i>
<i>August 2016</i>	<i>Field data gathering</i>	<i>One-on-one interviews: Round 2 / Sample 2</i>	<i>Interviews with managers not participating in Eco-innovation intervention programme</i>
<i>September</i>	<i>Field data gathering</i>	<i>One-on-one interviews: Round 2 / Sample 1</i>	<i>Interviews with managers participating in Eco-innovation intervention programme</i>
<i>September</i>	<i>Data collation</i>	<i>Final data analysis of Round 1 and Round 2 interviews</i>	<i>Transcribed Round 2 interviews and reviewed both rounds of interviews</i>
<i>October</i>	<i>Data analysis –Coding</i>	<i>Developed terms and themes</i>	<i>Coded interviews to develop participant and theory-centric themes via Gioia Methodology</i>
<i>October</i>	<i>Data analysis –data</i>	<i>Structured data</i>	<i>Structured data into comprehensive visual aid to display terms,</i>

	<i>structure</i>		<i>themes and relationships via Gioia Methodology</i>
<i>November</i>	<i>Data analysis – grounded theory</i>	<i>Developed grounded theory</i>	<i>Developed grounded theory, propositions and recommendations for future research</i>

3.3.1 Context of Study

This study was initiated in 2015 through the launch of the second edition of the United Nations Environment Programme’s (UNEP) Global Eco-Innovation Pilot Programme, a project spanning across three industries in nine countries. The UNEP Eco-Innovation Programme’s goal was to embed sustainability into the decision-making dimensions of managers in order to spur the creation of novel sustainable solutions that would meet the needs of the market, the environment and society. The programme was particularly targeted towards small-to-medium sized enterprises (SME’s) in the agri-foods, chemicals and metals industries. These manufacturing industries were chosen due to their potential to eco-innovate¹ across all phases of their products’ life-cycles, from the extraction of raw materials all the way through to material processing, manufacturing, distribution, use, repair to disposal and even re-use (United Nations Environment Programme, 2014). SME’s were the selected segment of corporate society due to their significant contribution of 70% to the GDP, and two-thirds of formal employment, in developing and emerging economies. UNEP simultaneously argued that due to SME’s adaptability and flexibility, they were especially responsive to eco-innovation interventions, which amounts to them being a key driver towards a resource-efficient economy (United Nations Environment Programme, 2014).

¹ “**Eco-innovation** is the development and application of a **business model**, shaped by a new **business strategy** that incorporates sustainability throughout all business operations based on **life cycle thinking** and in cooperation with **partners** across the **value chain**. It entails a coordinated set of modifications or novel solutions to products (goods/services), processes, market approach and **organisational structure** which leads to a company’s enhanced performance and competitiveness” (O’Hare, et al., 2014a, p. 5).

3.3.2 Sector and Firm Selection

While additional firms that did not participate in the eco-innovation intervention were included in the study, the UNEP programme provided the basis and initiate spark for this study. Therefore the following section covers this initiation process of selecting the sector and first firms that were included in the study.

South Africa was one of the nine countries selected to participate in the Eco-Innovation Pilot Programme. In partnership with South Africa's National Cleaner Production Centre (NCPC), Stellenbosch University, the local service providers conducted research to determine what sector to engage in the programme. Through the employment of UNEP's "Target Identification Tool", the metals and manufacturing sector was selected. This was due to the sector's significant contribution to sustainability challenges, government capital investment into the sector and firms potential to incrementally eco-innovate.

Once the sector was selected, the team utilised UNEP's "PESTEL Tool" to analyse national political, economic, social, technological, environmental and legal trends to determine the industries and firms that would be invited to participate. Local government and sector heads were also engaged to determine which industries and firms held the most promise for the programme. The final list of industries selected included: stainless steel, foundries, tooling and precision engineering, green cape cluster and metals fabrication. Due to limited resources the region was limited to the Western Cape, South Africa and the preliminary firms selected had to have participated in an industry improvement programme, such as a sector benchmarking exercise.

By May 2015 the Eco-Innovation Pilot Programme team had established partnerships with sector association 'gate-keepers' and presented at a sector-networking event held by a governing association, which hosted over 120 firm owners, CEOs and managers. The event provided a platform for new products and services to be showcased, for new firms to introduce themselves and for sector-wide programmes such as the Eco-Innovation Pilot Programme to present their service offering. The team gave an overview of the Eco-Innovation Pilot Programme and touched on the sectors

sustainability risks and opportunities, and most importantly networked to gain initial footing in building relationships with sector and firm representatives.

Based on these initial interactions and sector representatives' recommendations, in late May 2015 the Eco-innovation team selected and invited 20 firms to attend a half-day eco-innovation workshop. In this workshop, the service providers went into more detailed intricacies of the pilot, including the potential opportunities and the commitment expected. It was deemed essential, for the success of the Eco-Innovation Pilot Programme, for those participating manager-owners to have a clear desire and commitment to the programme. This was considered essential for changes at the level of the firms' business models to filter down into every operation of the firms' strategy (O'Hare, McAloone, Pigosso & Howard, 2014a).

The "PESTEL Tool" was administered at the end of the workshop as an initial data-gathering round in order to understand how the firm representatives perceived political, economic, social, technological, environmental and legal trends to be affecting their firms' risks and opportunities. This allowed for an initial meta understanding of the managers' first interpretation about sustainability in their business. The results of the survey were displayed immediately after submission to provide an opportunity for firm leaders to witness how their colleagues and competitors perceived, and were perhaps responding, to the trends raised (see Appendix B for survey results). The survey additionally provided an opportunity to naturally filter out firms that would not fit well into the programme by providing managers with a glimpse of the array of risks and opportunities they would have to confront during the programme.

The additional six managers that participated in the study were selected approximately six months later. These managers came from the same industries and sector and were recommended by a metal and manufacturing sector head who ran a skills development academy and who initially worked with the Eco-innovation team to gain access to firm managers. In retrospect, during the second round of interviews, these managers were far more easily accessed and eager to meet with me than those managers who participated in the programme.

3.3.3 Data Collection

The opening networking event, the workshop and the consultations with sector experts and associate heads allowed the Eco-Innovation Pilot Programme service providing team to select six firms from the metals fabrication and tooling/precision engineering sub-sectors. From here, these six firms embarked on the Eco-Innovation Pilot Programme, which was meant to take managers through several phases that were to last 12 months. The programme commenced with a number of initial one-on-one meetings with firm CEO's and managers to further understand their current business strategy and model. Thereafter the team began a process to refine and develop a better understanding of how firm leaders perceived and managed sustainability risks and opportunities. The next phase of the programme was to develop and apply a new business model that would be shaped by an eco-innovation business strategy that incorporated sustainability throughout the firms' decision-making and operations (see Figure 1 for phases and Appendix A for full phase descriptions).

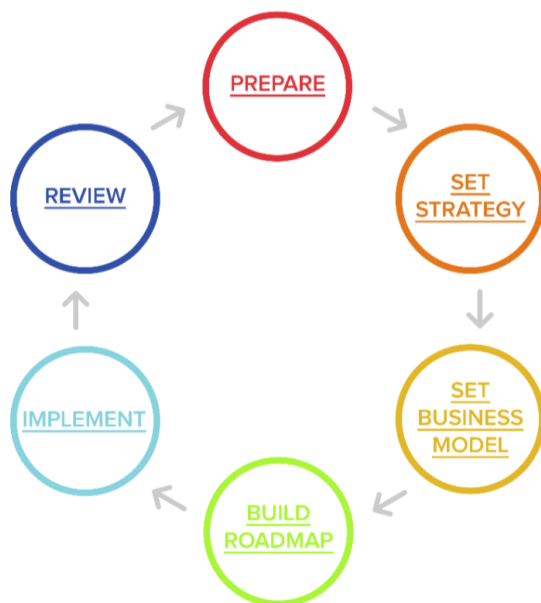


Figure 5. The Eco-innovation Implementation Process (O'Hare et al., 2014a)

At this stage in the study, my intention was to conduct two interview rounds – one at the beginning of the programme and one at the end – to find out if and how managers'

experience of the intervention influenced their sustainability decision-making. My initial intention here was to explore how their perceptions and decision-making had changed over time. Due to complications and time delays of the programme, after the first interviews had been conducted, I decided to abort the goal of conducting before and after interviews and re-orientated the study by recruiting another six managers from the metals and manufacturing sector. With this new research goal, the study was now focused on understanding how managers in the sector were experiencing sustainability decisions in their firm. With this new approach, the focal point of the study would no longer be the intervention, but rather managers' experience of sustainability tensions and decision-making in the SME context.

This new larger and broad sample of 12 managers brought a diversity of perspectives into the study. Having these two groups also enabled me to notice particular similarities and differences between the two groups (Eisenhardt, 1989). However, there were not sufficient controls in the study to complete a comprehensive comparative study. While the groups were not being compared, this juxtaposition allowed me understand each group more deeply, which Eisenhardt (1989) notes increases the likelihood of reliable theory. While I had concluded that I was only going to interview each manager once, I decided there was utility to interview each group of managers once again, resulting in two rounds of interviews. My justification for this decision was to cross-examine managers' responses from the two interview rounds in order to increase the validity of my emergent conclusions and produce a robust data set. The second round of interviews took place towards the end of the Eco-innovation programme. This left me with an even more diverse sample of managers, some who had undergone the programme and others who had not. This diverse sampling strategy allowed for further generalisations of the findings (Eisenhardt, 1989) that are discussed in Chapter 5, the Findings section. Eisenhardt (1989) notes that an important aspect of building theory from case studies is the selection process of these cases that are to be studied. The author notes that selecting an appropriate or contextual population assists in controlling factors in a study, which sets a boundary around how much of the study's findings may be generalised. By selecting SME managers in the metals sector in South Africa, some of which were undergoing an intervention process, I constrained their variation size, however, were able to reduce extraneous variation and set limitations on the findings. Eisenhardt

(1989) notes that changes to case studies research may even include adding data sources to the study, which to some may raise the question of whether it is reasonable to add data sources during a study. Eisenhardt (1989) exclaims that yes it is reasonable to do so, as each specific case brings with it, its own unique results and insights, which may present new themes and emergent theory that would have otherwise not been discovered.

The point at which I decided to hold the second round interviews with both groups was approximately ten months later, once the manager's participating in the programme were meant to have decided to either accept or reject an eco-innovation strategy, business model and implementation roadmap prepared by the service providers. The ability to 'backtrack' allowed me to build on the questions asked in the first interview round (Gioia et al., 2012), which resulted in a series of refined questions. While I was careful not to let past theory influence the data-collection process, in the second round of interviews I employed several theoretical constructs in order to probe into particular tensions. Eisenhardt (1989) remarks that while such a strategy is not typical for theory-building research, it can be useful because it allows the researcher to measure constructs in the context by asking specific questions related to the literature. In turn, if the interrogated constructs turn out to be significant, then there is a firm empirical foundation for theory development. As will be flagged in the Findings section, upon interviewing the Eco-innovation sample, I found out that the managers had had minimal contact with the Eco-innovation service provider team since the initial set of meetings one-year before. The two interview rounds left me with a broad sample of SME managers from the metals and manufacturing sector.

Supplementary to the interviews, I was a participant-observer during the first half of the Eco-Innovation Pilot Programme. As alluded to, this included numerous meetings with sector affiliates and firm leaders, as well as firm workshops that were a part of the programme. Eisenhardt (1989) remarks that an important feature of building theory from case studies is the overlap of data analysis and collection, which can be achieved through researchers taking field notes. Acting as a participant-observer provided me with a first-hand observation of how managers were experiencing the programme, which was informally documented and analysed through the engagement.

Most importantly, the opportunity to be a participant and observer during the intervention programme allowed me to build relationships with participating managers, which set a strong foundation for personable interviews that enabled generative dialogue. The Eco-Innovation Pilot Programme facilitator's manual for the service providers also provided essential secondary data that enabled me to get a deeper sense into the context of the programme and the process the managers were undergoing.

3.3.4 Sampling

The participants selected for this study were a theoretical and purposive sample of 12 managers² of small-to-medium sized enterprises (SMEs). The firms operated in the metals and manufacturing sector of the Western Cape, South Africa and ranged in size from approximately 20 to 100 employees. Six of the managers participated in the Eco-Innovation Pilot Programme, while the other six did not. This sample of half the managers participating in the intervention and the other half not provided an opportunity to interrogate multiple cases at different levels of analysis (Yin, 1984, as cited in Eisenhardt, 1989), setting the context for a similar yet uniquely diverse and broad sample of participants for the study (Eisenhardt, 1989).

The theoretical sampling strategy I took meant that the cases and participants were chosen for the theoretical reason to understand managers' sustainability decision-making versus say rather than statistical reasons (Glaser & Strauss, 1967 as cited in Eisenhardt, 1989) to determine frequencies or percentages. A primary reason I utilised theoretical sampling was so that the cases examined to could be extended to a broader sample and added to emergent theory to be a transferrable study. Eisenhardt (1989) mentions that cases can be selected to mimic past cases, to build on emerging theory, to fit into theoretical categories or to provide examples of polarisations. This

² Please note that one of the original six managers that did not participate in the Eco-Innovation Pilot Programme was not interviewed a second time due to time constraints. Another manager, from the same sector, who did not participate in the intervention, was interviewed. This, in reality, equated to 13 managers being interviewed in totality. The data emerging from this interview was not qualitatively significant to influence the findings reported in Chapter 5.

study fulfilled the theoretical category of managerial sustainability decision-making as half the managers were enrolled in the Eco-Innovation Intervention Programme – confronted by clear sustainability decisions, while the other half of the sample were still dealing with sustainability decision making, just on a less regular basis. With this, the study provided potential examples of polarisation cases, as upon selecting the additional six managers I had no prior knowledge of them having engaged in sustainability decision-making contexts. This had the potential to surface one group of managers that were interested in sustainability prospects and one group that was not interested or had not been faced with such decisions. Nevertheless, this difference did not emerge as the defining distinction between the two groups within the sample.

In addition to theoretical sampling, I used purposive sampling – a sampling style that has effectually become synonymous with qualitative research – in order to strategically decide who would participate based on where they were based and what they were involved in. Like most qualitative researchers, I was less interested in understanding the general trends of a large group, such as what do most managers think about sustainability, and rather interested in understanding how managers made sustainability decisions by surfacing how their experiences of sustainability tensions influenced their cognitive frames, sensemaking process and subsequent decisions (Palys, 2008). With this purposive sampling approach, I acknowledged the importance of who the participants were and where they were located. With this in mind, I did not consider participants as an interchangeable mass, but rather as Palys (2008) notes, I maintained the understanding that “one well-placed articulate participant will often advance the research far better than any randomly chosen sample of 50” (p. 2). While I did select participants in order to indicate characteristics over similar cases, Vogt (2005) warns that this can be an unwise research procedure as it assumes that the researcher is already aware of the population’s characteristics. This, in turn, puts the study at risk of introducing the researcher’s bias into the research procedure. However, I concluded that purposive sampling is the best option when attempting to increase the representativeness of a population, and that it is far better than other strategies such as convenience sampling, sometimes called accidental sampling, which relies on selecting a sample based on how readily available participants are (Salkind, 2010).

To delve deeper into purposive sampling, one must understand that there are a number of sampling strategies that a researcher can employ. Some of the self-explanatory purposive sampling strategies include stakeholder sampling, extreme or deviant case sampling, typical case sampling, paradigmatic case sampling, maximum variation sample, criterion sampling, critical case sampling, and disconfirming or negative case sampling. According to Palys (2008), purposive stakeholder sampling is especially useful when one's research is within the context of a programme that involves stakeholders who are either giving or receiving a programme. In the context of the current study, while only half of the sample was involved in the UNEP programme, all the participants were the primary stakeholder in their firm who were the ones making sustainability decisions. Purposive maximum variation sampling identifies individuals who represent a wide range of perspectives when faced with a phenomenon. This sample can include a range of both typical and extreme participants that are experiencing the phenomenon. Relative to the current study, the two groups of managers, one that underwent the Eco-Innovation Pilot Programme and the other that did not, represents a maximum variation sample due to their similarities and differences. Lastly, a purposive paradigmatic case sampling is when the group of participants represent an exemplary case in relation to the concept being addressed. For example, if a researcher were studying the relation of managers' experience of tensions to their sustainability decision-making, the paradigmatic sample would be those managers that are successfully addressing these tensions in their sustainability decision-making process. In the case of the current study, the one group of managers who are, by choice, actively engaging in the Eco-Innovation Pilot Programme could be classified as a paradigmatic sample (Palys, 2008). Two other purposive sampling strategies that were combined in this study included typical case sampling as the participants in the study were a typical fit for my area of study, and criterion sampling as the participants had to meet the criteria of being managers.

3.3.5 Research Instruments

With the study's research question used as a framework, an interview guide was formulated that allowed for a series of in-depth yet free-flowing interviews with managers. These interviews were face-to-face and were conducted at the manager's place of work. The interviews began with broad, open-ended questions that were uniquely tailored to each manager to find out about their business (Gioia, et al., 2012), which allowed for rapport to develop, before delving into more probing questions that addressed my area of interest. Such probing questions were directed towards the personal experiences of managers in so much a way that they were asked to describe their 'feelings' about sustainability decisions they had made. Probing and explanatory questions even allowed, to an extent, participants to share typically private strategic information regarding their management strategy and how they made decisions (Gioia, et al., 2012). I aimed at retaining a balance of interrogative questions with free-flowing dialogue in order to achieve the above. The majority of the interview questions were not constructed around existing terminology to allow for participants to undergo their own sensemaking process that is not influenced by the intrusion of pre-existing theory (Gioia, et al., 2012). Two research strategies were employed: intensive interviewing and semi-structured interviews. Intensive interviewing allowed for exploration of specific topics managers had dealt, while also allowing them to demonstrate their knowledge in relation to their business strategy (Charmaz, 2006). This tactic respected and acknowledged managers as knowledgeable agents in that they were aware of their decisions and were able to explain accordingly (Gioia, et al., 2012). Semi-structured interviewing was administered in order to build the container for generative dialogue in which managers were able to share their insights and personal stories in both a real-time and retrospective fashion (Gioia, et al., 2012). The semi-structured interviewing strategy gave me the flexibility to ask questions that were not originally on the guide (Bryman, 2011), while also giving me the agility to modify the interview questions based on the participants' responses (Gioia, et al., 2012). Gioia, et al. (2012) exclaim that traditional research approaches that adhere to strict interview guidelines limit researchers from surfacing novel insights during the interview procedure. These semi-structured interviews also permitted managers to share experiences that allowed them to stumble upon self-realizations regarding their management style and firm

strategy. Gioia et al. (2012) point to Morgan's (1983) argument that the interview process needs to be considered as a process of 'research as engagement.' It must be a rewarding experience for both the researcher and the participant. Both groups of managers were asked the same questions, however, the managers participating in the Eco-Innovation Pilot were also asked questions about their experience of the programme to provide another lens of inquiry to the study (See Appendix B for interview questions).

An instrumental interviewing approach incorporated by me throughout the interviewing process was Nilsson and Paddock' (2014) 'inscaping' practice. The aim of 'inscaping' is to surface the inner experiences of participants by asking experiential questions. Inner experiences can include emotions, ideas, intuitions, aspirations, needs and values. Two specific 'inscaping' strategies I employed was what Nilsson and Paddock call 'expanding the question' and 'turning strategy inward'. To 'expand the question', the authors note that typically when teams are planning or evaluating a project, questions of 'what do we want to achieve' and then 'did we achieve our objectives' questions are asked. While these questions are important, one may also ask 'how do we want to experience this project?' or 'how did we experience this project?' In 'turning strategy inwards', the authors note a common approach to strategy development is rooted in analysing the characteristics of an organisation in relation to its environment. A common tool to do so is the SWOT analysis in which leaders examine their internal strengths, weaknesses and external opportunities and threats. Nilsson and Paddock remark that one can ask more experiential SWOT questions that ask about an organisation's internal passions and struggles and external curiosities and fears. In the current study, I made use of these two 'inscaping' practices by asking those managers that took part in the Eco-Innovation Pilot Programme about their expectations of how they wanted to experience the programme and at the end asked them how they did experience the programme. All participants were also asked numerous questions about their personal passions, struggles, curiosities and fears relative to sustainability pressures and decision-making. These experiential questions enabled me to surface participants' interior experiences and assist in address the research question that revolves around manager's experiences of sustainability tensions.

I received consent before each interview and let all participants know that they would have anonymity with no company names or details to be shared. However, I did not promise confidentiality as this would limit all reporting on the interview process (Gioia, et al., 2012). All interviews were audio recorded under consent, and the interviewer did not take extensive field notes, which allowed the interview to feel more like a conversation between the participant and myself. Nevertheless, due to the series of back-to-back sessions, I did take field notes on the interview guide itself in order to facilitate the improvement of the following interviews. Eisenhardt (1989) refers to a similar style of field note taking as ‘push thinking’, in which the researcher notes down what they are learning and how the cases differ from one another.

3.4 Data Analysis

The data-analysis process followed a series of steps suggested by the Gioia Methodology. I utilised the qualitative data analysis software, ATLAS.ti in order to conduct a clear and systematic approach to the analysis of data. The step-by-step systematic approach was motivated by “the reality that people are notoriously poor processors of information. They leap to conclusions based on limited data and are influenced by the vividness” (Kahneman & Tversky, 1973; Nisbett & Ross, 1980 as cited in Eisenhardt, 1989 p. 540). Eisenhardt (1989) further warns researchers of reaching premature conclusions based on information-processing biases.

Due to the two rounds of interviews, separated 10-months apart from one another, I was able to learn and incorporate points from the first round of interviews data into the second round. Eisenhardt (1989) suggests the data-analysis tactic of looking within-group similarities and differences as well as intergroup

While the first round of interviews were not coded nor analysed until the second round of interviews were completed, they were however transcribed, and I made note of particular insights that were later expanded on in the second round of interviews. Gioia et al. (2012) note that many qualitative researchers agree that it is superficial to break-up the interviewing and data-analysis as their processes are closely aligned with one another (Langley, 1999; Lincoln, Guba, 1985; Locke & Golen-Biddle, 1997 as cited in Gioia et al., 2012). Eisenhard (1989) similarly states that by overlapping data

analysis with data collection, the researcher does not only allow the researcher to move forward with the analysis process, but it also allows researchers to iterate the data-collection process in advantageous ways. For example, in the current study, during the second round of interviews with the SME managers, I focused more on managers' experience of sustainability tensions and their decision making versus the Eco-Innovation Pilot Programme, as this had become a secondary point of interest after the sample size had been increased and it was decided that tensions were to be the study's focal point of interest.

From the beginning of the research process and throughout the interviews, I made particular notice of participant terms, which Gioia et al. (2012) note as being similar to (Strauss & Corbin, 1998 as cited in Gioia et al., 2012) the notion of 'open coding.' During the initial coding steps of the data analytical process, I made sure to maintain participants voices and did not attempt to refine the emerging terms into categories. These participant-centric terms, which come through early in the data-analysis process are coined by Gioia et al. (2012) as '1st-order' terms. Over 100 '1st-order' terms emerged from the 24 interviews conducted over the research study. These were captured in Atlas.ti and grouped accordingly. While this breadth was over-bearing, Gioia et al. (2012) note that it is normal, and even advantageous, for the researcher to feel overwhelmed and even lost in the face of the plethora of '1st-order' terms that surface during this early data-analysis step. The authors note that Gioia is fond of saying, you need to get lost before you can expect to find (Gioia, 2004). I then went back to these participant-centric '1st-order' terms and consolidated them further into approximately 50 '1st-order' terms.

As the data-analysis process proceeded, I began to notice and identify the similarities and the differences between the first round of emergent terms. Gioia et al. (2012) relate this to (Strauss & Corbin, 1998 as cited in Gioia et al., 2012) notion of axial coding in which I began to cluster the terms into workable categories of 27 '1st-order' concepts. While maintaining the participants' terminology, I gave these categories literal descriptions such as "I don't want to hurt the environment" or "we don't have enough resources in SMEs" that enabled a deeper interrogation into discovering an emergent structure between the categories before creating '1st-order' concepts.

Gioia et al. (2012) remark that it is at this point when the researcher must consider themselves as a ‘knowledgeable agent’ who is thinking at various levels simultaneously – at the level of the participants terms and then also at a more abstract theoretical level in order to take a birds-eye view to figure out what the data is telling them. The preliminary answer to this ‘what is going on here’ question is referred to as ‘gestalt analysis’ (Gioia & Chittipeddi, 1991) by the authors.

I then translated the ‘1st-order’ codes into what Gioia et al. (2012) refer to as ‘2nd-order’ themes. For example, I grouped the ‘1st-Order’ concepts of managers personal past experiences, their sense of values and morals within the ‘2nd-Order’ theme, “Confident moral identity.” The ‘2nd-order’ analysis is a theoretical paradigm in which I examined whether the themes and terms that had emerged thus far could be related to larger concepts that could assist in understanding the participants ‘1st-order’ terms and help to explain the phenomena I was observing. Gioia et al. (2012) further remark that the researcher must focus on promising concepts that are not necessary grounded in the existing literature, but rather stand out in the context of the current study. Several of the other ‘2nd Order’ themes that emerged at this point included, “Responsible manager-owner pride, External pressures and Apprehensive sustainability ‘housekeeping.’” At this point, I reached ‘theoretical saturation’ (Glaser & Strauss, 1967 as cited in Gioia et al. 2012) in that I had a manageable set of themes and theoretical concepts. In accordance with the Gioia Methodology, the themes and concepts were then interrogated even further to determine if the existing ‘2nd-order’ themes could be refined into ‘2nd-order aggregate dimensions’ of arching themes. These over-arching aggregate dimensions included: “Sustainability Triggers, Managerial Contextual Experience and Sustainability Reactions”.

At this point, I was left with a number of ‘1st-order’ terms, ‘2nd-order themes’ and aggregate dimensions. These three elements enabled me to begin building a data structure (see Figure 2 blank data structure example), which Gioia et al. (2012) exclaim as being the climatic step within the Gioia Methodology as it sets the foundation for the grounded theory articulation.

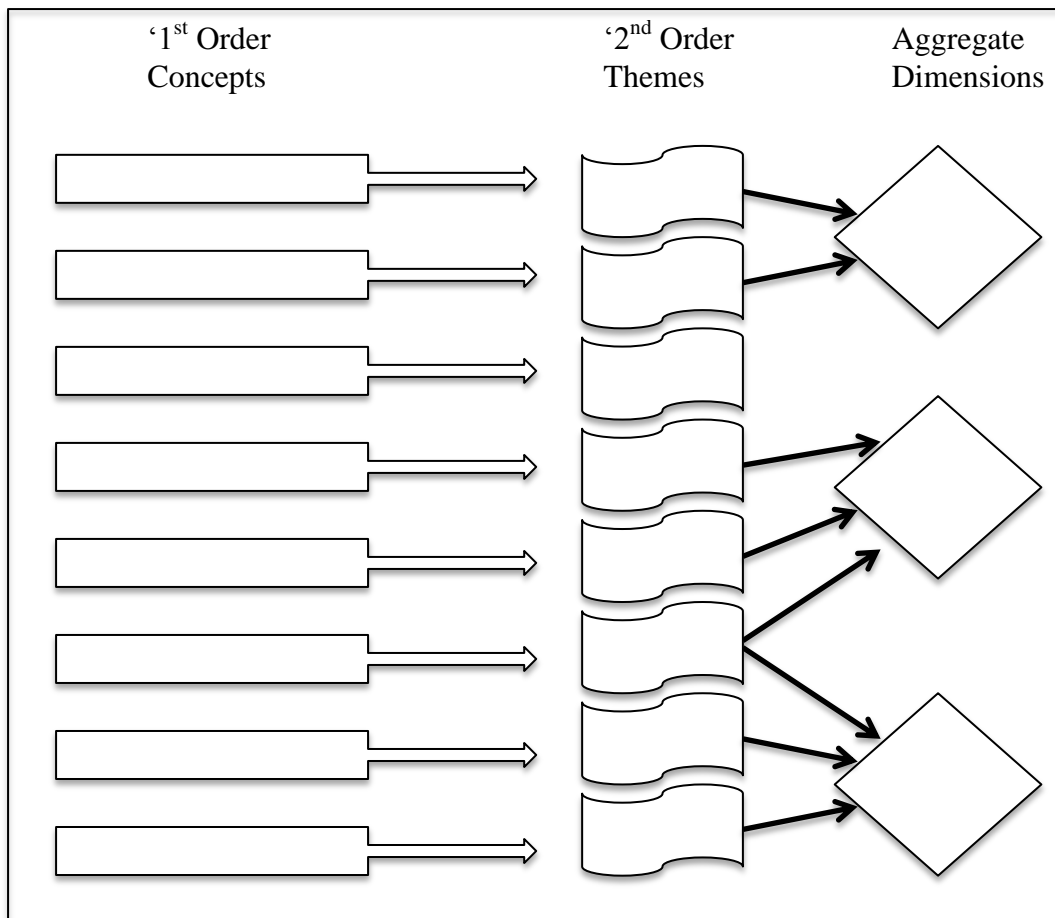


Figure 6. Blank Data Structure (Gioia, 2004, as cited in Gioia et al., 2012)

The authors note that the creation and articulation of a data structure enables the researcher to configure their data into a comprehensible visual aid that also graphically shows the process the researcher went through from receiving raw data all the way through translating this into thorough theoretical analysis and development, which is an essential in achieving rigorous qualitative research (Pratt, 2007; Tracy, 2010 as cited in Gioia et al., 2012). The process of creating the data structure and figuring out how all the pieces fit together allows the researcher to critically think about the data theoretical sense versus just methodologically.

Although traditional grounded theory does not refer to the literature until the very end of the research period, I, as prescribed by the Gioia Methodology did go in-between the data and existing literature to see if the findings correlated with theory and also to check if new concepts were being discovered. I was aware of confirmation bias so

attempted to analyse with a semi-naïve lens. From the point in which I referred to the literature, the methodology transferred to ‘inductive’ reasoning to ‘abductive’ reasoning in which data and theory are were considered together (Alvesson & Kärreman, 2007 as cited in Gioia, et al., 2012). The concluding steps of the data-analysis process entailed in the Gioia Methodology includes dealing with contradicting interpretations of participants terms and phrases. As different authors may point to particular theories relating to participant concepts, researchers must return to the data, their research question and seek outside assistance in deciding what theories are most appropriate for the corresponding participant term.

With the data structure set, I was left with a static visualisation of the complex and dynamic phenomena I was studying. Gioia et al. (2012) note that in process research, one cannot sufficiently “investigate processes unless the static picture – a photograph, if you will -- can be made into a motion picture (p. 22). With this, I began building a creative inductive grounded theory model rigorously validated by the data by keeping the managers' experience front-and-centre. This grounded theory model illustrated the dynamic relationships between the concepts, themes and dimensions that emerged, it unpacked the phenomena of interest, and lastly it ensured to surface data-to-theory connections to appease the persistent criticism that qualitative research does not clearly show how the data and theory relate and support one another (Gioia et al., 2012). In essence, I created a model that comprehensively captured the participants' experience through a theoretical lens. Once I had accounted for all the major concepts, themes and dimensions I began examining and illustrating their interrelationships. I achieved this by following Gioia et al.'s (2012) recommendation of taking my visual data structure of boxes and bringing it to life by focusing on the arrows to tell the process model story I was investigating. For example the ‘2nd-Order’ themes of ‘SME context’ and ‘Sustainability tensions’ within the aggregate dimension of ‘Managerial Contextual Experience’ were driving forces that led to the ‘Sustainability Reactions’ illustrated in the ‘2nd-Order’ themes of ‘Hopeless inaction’, ‘Apprehensive sustainability housekeeping’ and ‘Resolve dilemma outside the firm’.

My aim in the development of the process model was, as Gioia et al. (2012) remark, for the reader to look at the data structure grounded theory model and not only understand all the factors involved also be able to understand the relational dynamics

at work and how these influence the model. These arrows often tell how a process unfolds or may be the basis for a theory of change (see Figure 3).

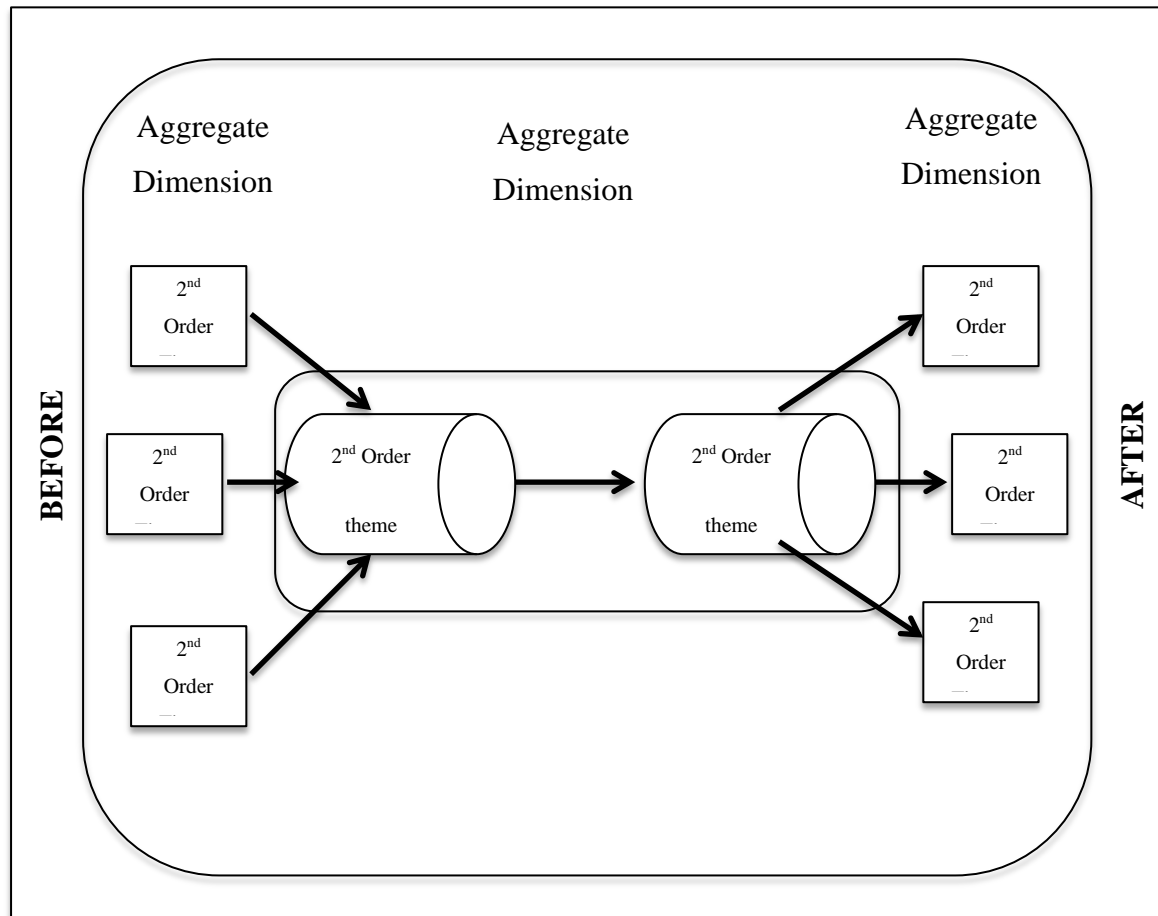


Figure 7. Blank Change Process (used similar flow to Corley and Gioia, 2004 as cited in Gioia et al., 2012)

While the Gioia Methodology was employed in the current study, I was wary not to force fit the methodology into the study as there were nuances involved and specific to this study such as the two sample groups and two rounds of interviews, which added a level of complexity to the coding process. Fundamental to the Gioia Methodology is employing agile and flexible qualitative research approaches into one's research design in order to fit the context of the study. Therefore, I aimed to build on the Gioia Methodology in my own unique way through paying particular attention to participants' inner experiences such as their emotions. Manager's demonstration of their inner experiences was not always displayed in their

terminology but rather through their body language, tonality and the context in which I knew they were operating. For example, a manager may have strongly expressed that he was not overwhelmed, however when assuming a systems-level perspective and observing ‘fire-fighting’ managerial decision-making or comparing participants responses with other managers, I was able to gain another perspective. In totality, the Gioia Methodology allowed me to take a systematic and analytical approach unearthing novel relationships between the data and theory in order to develop a process model that holds the theoretical and practical application to understanding SME managers’ sustainability sensemaking.

3.5 Reliability and Validity

Measuring reliability and validity is a contextually multifaceted process specific to the methodological approach. I do not claim that reliability and validity risks have been, or may ever be, completely dealt with (Louis Cohen, Lawrence Manion, 2011) but this sections purpose is to illustrate how I paid attention to these risks.

In this qualitative study, I used a naturalistic research approach that aimed to understand and explain phenomena within a specific context (Patton, 2001 as cited Golafshani, 2003). As Hoepfl (1997) remarks, qualitative researchers must not attempt to determine causality, prediction or generalisations, but rather aim to highlight phenomena and perhaps extrapolate the findings to similar contexts (as cited in Golafshani, 2003). Therefore, I do not claim that this study predicts causality between managers experience of sustainability tensions and their decisions, but rather, through precision (Winter, 2000 as cited in Golafshani, 2003), I aimed for this study to be credible and provide potentially transferrable results (Hoepfl, 1997) to similar contexts (as cited in Golafshani, 2003).

Given the subsequent controversy of applying traditional reliability and validity measures to qualitative studies, many researchers have varying perspectives on the concepts and how they apply to qualitative research. In the context of the current qualitative study, in which all of the data gathered was from interviews and through theoretical examination of the literature, I acknowledged the constraints of applying traditional reliability and validity concepts to legitimising the study. I have therefore,

like other scholars, re-assessed and redefined the concepts of reliability and validity to be appropriate for this qualitative study by referring to the robustness of my study with terms such as ‘Credibility, neutrality, dependability, applicability and transferability’ (Lincoln, Guba, 1985 as cited in Golafshani, 2003).

When it comes to reliability, some scholars argue that in qualitative research, the quality of the study’s reliability can be judged on its ability to generate understanding by the reader (Stenbacka, 2001). I therefore, through a rigorous explanation of my study’s undertakings and findings, attempted to deconstruct the phenomena under examination – which could have otherwise be confusing (Eisner, 1991 as cited in Golafshani, 2003). Additionally, as mentioned I do not judge my study on its reliability per say but rather its dependability, which Lincoln and Guba (1985) remark is a more suitable terminology to be used. Stenbacka (2001) also agrees that the terminology reliability should not be used to qualitative research. Nevertheless, other scholars such as Patton, (2002, as cited in Golafshani, 2003) believe qualitative researchers should use the term.

Through the study I ensured that consistent research processes were maintained throughout the design, however, I did honour the unique circumstances of each one-on-one interview and at times let the process be a natural conversation (that still followed the interview guide) versus a mechanistic procedure. Golafshani (2003) mentions the need for ‘trustworthiness’ in order to ensure reliability in qualitative research, which I earned through a substantial participant-observation period that took place with over half of the sample before the interviewing process commenced. Through this process, I was able to build relationships with firm managers and sector association heads and when I needed to source additional participants for interviews, the sector association heads were the gatekeepers that gave me access to these. I also ensured participants that all information was anonymous and the results would be shared with them and the sector heads on request.

The concept of validity has a variance of connotations in qualitative research and therefore cannot be simplified to a single definition, but rather understanding it as a construct that details the processes and the intentions of the particular research methodology and study (Winter, 2000 as cited in Golafshani, 2003). Similar to reliability, many qualitative researchers do not believe concepts of validity apply to

qualitative research. I, nevertheless, recognise the need to have a way of qualifying my work (Golafshani, 2003). Golafshani (2003) note that Creswell & Miller (2000) suggest that validity is inherently constructed by that particular researcher's understanding of validity, so I therefore developed my own ways to achieve validity through rigour and trustworthiness in my data analysis process, which will be discussed. Many scholars do not believe it is possible for a study to be 100% valid. In the case of this qualitative study, the opinions, subjectivity, attitudes and perspectives all contribute to a high degree of bias, which means validity should not be used as an absolute, but rather as a variety of degrees.

In the current study, my employment of principles from the Gioia Methodology provided a degree of rigour to the study. My consistent efforts to maintain participants voices and not be too influenced by prior literature allowed the study to be grounded in the authentic lived experience of those experiencing the phenomena that I aimed to understand. Concurrently, the step-by-step data-analysis approach provided me with a systematic process of extracting raw data, connecting it with relevant theory and then examining what relationships existed between the concepts that emerged. This thorough data-analysis process was compounded with my utilisation of the qualitative data-analysis software Atlas.ti that added a detailed systematic layer to my coding process.

The in-depth and extensive research period, which consisted of participant-observation fieldwork and a degree of background reading set the grounds for me to get data from a number of sources aside from the interview process. This allowed for triangulation of converging data sources that enable researchers to fill the gaps in the interviews as they have extensive knowledge and understanding of the firm managers' obvious and less obvious tensions. Eisenhardt (1989) note that the application of triangulation through multiple data methods provides stronger verification of constructs and hypotheses. I audio recorded and transcribed all interviews personally so as to ensure the information was correctly captured and also to pick up on less obvious social cues, such as silence or a participant having trouble answering a question. The limited field notes taken during the interview process were points that held significance or connected closely with previous interviews. This enabled me to capture and make these connections during the data-collection process and not have to

wait until the end at which point some key nuances may have been forgotten and gone unnoticed.

3.6 Conclusion

The inductive qualitative and exploratory methodological approach employed in this study enabled me to delve into understanding how SME managers' experiences of sustainability tensions influenced their sustainability decision-making. The participant observation built into the study built a level of trust between the participants and researcher that facilitated in-depth interviews surfacing the internal experiences of managers, which allowed them to self-reflect on how their experiences and perceptions of sustainability influenced their decision-making. The wide sample base created a robust case study that provided a diversity of nuanced perspectives that are important in a phenomenological approach honouring the lived experiences of participants. Coupled with the former was the temporal aspect of the study that allowed me to understand if and how managers experiences of sustainability tensions and their decision-making altered or stayed the same over the year-long period in which the study took place. The Gioia Methodology gave me a detailed and systematic approach to analysing the data that gave the study strong validity and reliability in approach and findings.

CHAPTER 4: FINDINGS

4.1 Introduction

This study aimed to discover how a range of managers' experiences of sustainability tensions influences their sustainability decision-making. As the following section will illustrate, my findings are broader than my original intention to focus on manager's experience and sustainability tensions as my data collection process surfaced several other pertinent factors that influence SME manager's sustainability sensemaking and decision-making process. Managers' individual experiences and the small to medium-sized context emerged as playing a significant role in managers sustainability sensemaking process of sustainability tensions. In addition, a few persistent and significant sustainability tensions surfaced as presenting sustainability strategic paradoxes for managers.

While I was wary of letting past theory influence my data analysis process and research findings, theoretical concepts were considered and reviewed to substantiate the data and connect it to the literature for the development of my data structure. The literature on sustainability tensions, SME sustainability orientations and experiential sensemaking assisted this process of connecting data with applicable theory to make sense of data to construct a process model. I achieved this by analysing the data from a semi-naïve vantage point. This was done to ensure that the data findings emerged from the fieldwork and interview process rather than from previous theoretical knowledge in order to discover nuanced theories versus building on the already existing knowledge base. Nevertheless, as mentioned, I did go in-between the data and existing literature to see if the findings correlated with theory, but was aware of confirmation bias and used only pre-existing literature to help make sense of the data before structuring it. As discussed in Chapter 3, I embarked on an extremely thorough data-analysis process that followed the Gioia Methodology and used the qualitative data analysis software, Atlas.ti, which provided a platform to systematically dive deep into the data in an organised step-by-step analytic manner.

4.2 Context of Findings

While the data collection process was covered in Chapter 3, there are several factors that must be addressed before considering the following findings section. As mentioned, twenty-four interviews from two sample groups consisting of six SME managers from the metals and manufacturing sector in the Western Cape were conducted and analysed for the research study. One group of managers had undergone a sustainability intervention process through the United Nations Environment Programme's (UNEP) Global Eco-Innovation Pilot Programme, while the other had not. Each group was interviewed twice, with approximately a one year gap in-between each interview. The first round of interviews was at the beginning of the UNEP programme, and the second was meant to coincide with a point in the programme in which the six participating managers were to make a decision to either accept or reject an eco-innovation strategy, business model and implementation roadmap prepared by the service providers.

Upon approaching the second round of interviews, I discovered that the majority of managers that were a part of the programme had either not been engaged in a constructive manner for some time by the service provider or, as two companies indicated, had purposely dropped out of the programme due to lack of value-add. Upon further investigation, it was clear that there were compounding reasons for the programme's challenges. As the intervention was not the focal point of the study, I did not pry into these challenges in depth, however, I was able to make some surface level conclusions by briefly hearing from the managers and speaking to the programme service provider. The resulting presumption was that these challenges stemmed from both firm managers' capacity to participate in the programme and the service provider's capacity to deliver effectively and timeously. Both factors created log-jams and constant delays for the project to progress accordingly. One service provider explained that the participating firms were relatively open to the programme and its vision – willing to have conversations about eco-innovation possibilities; however, when real implementation discussions began they were not interested as the solutions often conflicted with their existing business strategy and model. Without declaring conclusive findings on the matter, I suggest that the result of the programme is an indicative example of SME managers' capacity and resources to consider

sustainability. It is important to note that the development of misconceptions or negative perceptions of sustainability by several managers in relation to their firms was a result of their poor experience of the programme.

In regards to the case above, it is important to mention that this is only one perspective of factors that occurred within the systems that led to the inability of the programme to stay on target and achieve its goals. While I had already determined that the intervention would not be the focal point of the study, nor would the study be a comparison of the two groups, the shortcoming of the programme conveniently supported my goal to study how SME managers experienced tensions and their subsequent decision-making.

4.3 Data Structure

As mentioned, through the application of the Gioia Methodology data-analysis process into Atlas.ti qualitative data-analysis software, I developed a number of codes, concepts, themes and aggregate dimensions that stemmed from the interviews. As mentioned in Chapter 3, once the repetitive codes had been condensed, collapsed and merged, I developed '1st Order' concepts and '2nd Order' themes and aggregate dimensions from the raw data. This process was administered in a systematic, step-by-step approach that began with participant-centric terms categorised as '1st Order' concepts, which were then grouped into theory- and literature-influenced '2nd Order' themes. These '2nd Order' themes were then grouped into Aggregate Dimensions, which represented over-arching abstractions. The final '1st Order' concepts consisted of approximately 27 participant-centric terms, the '2nd Order' themes consisted of eight terms and the finalised Aggregate Dimensions consisted of three terms. This grouping exercise may also be considered as 'Category' (Aggregate Dimension), Codes ('2nd Order' Theme) and Sub-codes ('1st Order' Concepts).

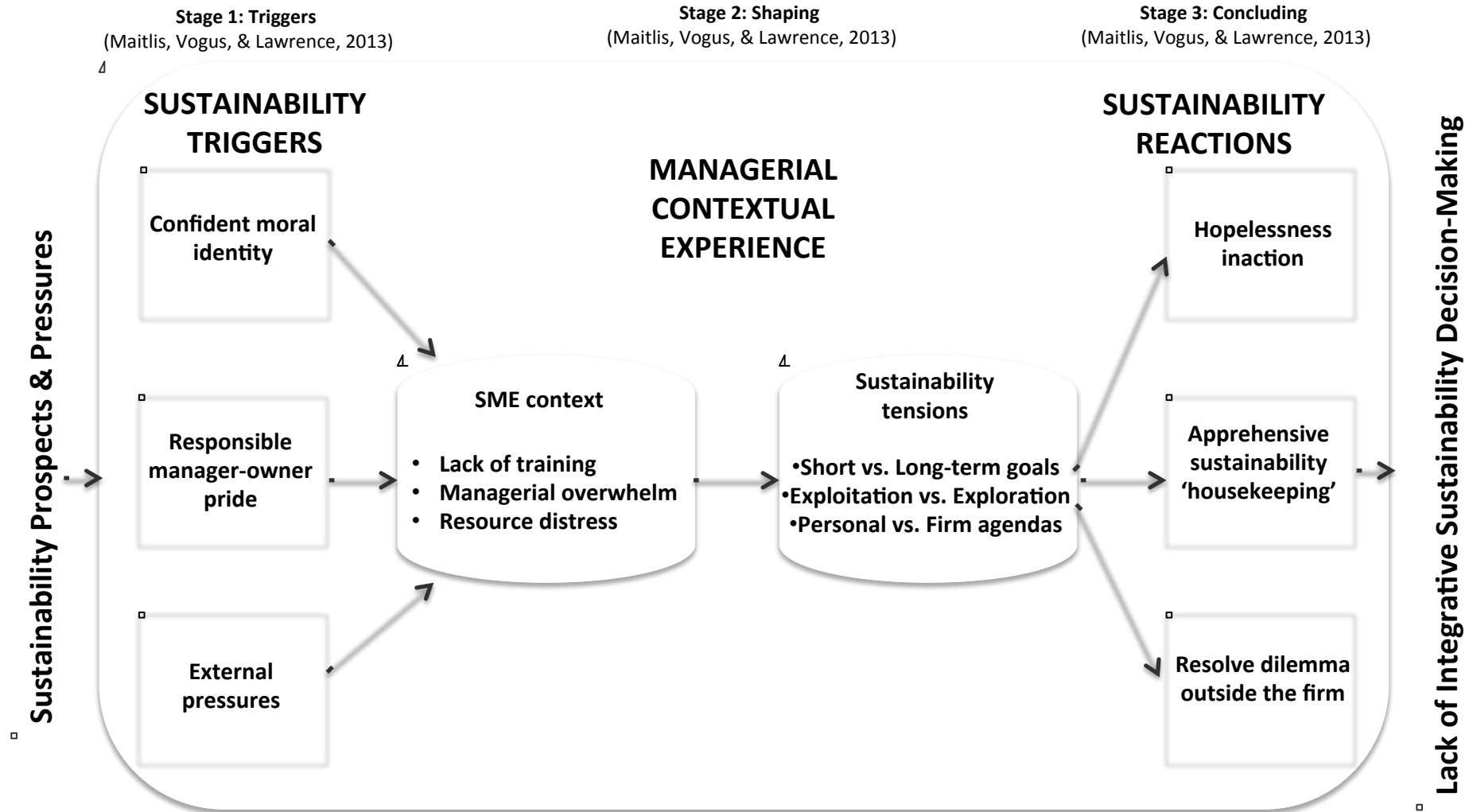
The data structure figure below (Figure 8) illustrates the breakdown of '1st Order' Concepts into '2nd Order' Themes and into over-arching Aggregate Dimensions that emerged from the creation of codes and sub-codes (please find drafts of Data Analysis Tables in Appendix D). The findings have been represented in a graphic data structure model because, as Gioia et al. (2012) explains, this visual representation is

an essential step in the data analysis process as it sets the foundation for the grounded theory articulation. The data structure is represented by corresponding arrows over a table in order to bring the data to life through the development of a visual aid and graphic that shows the process I went through from raw data collection through to translating this into thorough theoretical analysis and development – an essential aspect of achieving rigorous qualitative research (Pratt, 2007; Tracy, 2010, as cited in Gioia, et al., 2012).

The following figure (Figure 9) illustrates how I took my static data structure and brought it to life into a process model. I did this by surfacing the dynamic relationships amongst the emerging concepts, themes and dimensions. This explained the area of concern in a way that connected the relevant data to my findings that demonstrate how managers' experience and respond to sustainability tensions within the context of the firm (Gioia, et al., 2012). I connected the different elements of my model through the utilisation of Maitlis, et al.'s (2013) three stages of emotional sensemaking. Thereafter, I was able to determine the order of the themes portrayed in my process model by following the sensemaking sequence. This began with the triggers that initiated manager's experience, then the contextual factors that shaped how these triggers were interpreted, which then concluded and led to those decisions demonstrated by SME managers. Using the Gioia, et al., (2012) method I then attributed certain quotes to particular stages of manager's sensemaking process by clustering quotes into similar concept headings that were then aggregated into corresponding themes that assisted in defining them into understandable headings.

Figure 9: SME Managers Experiential Sustainability Sensemaking Process

SME Managers Experiential Sustainability Sensemaking Process



4.4 Findings Comparison and Summary

My findings surfaced a range of internal experiences managers endure during their sustainability sensemaking process. This study exhibits that while SME managers' sustainability decisions are fairly uniform, there are significant individual experiential factors that are not conscious, or cognitive, that strongly influence managers' sustainability sensemaking process. Inner experiences, such as emotions, were found to play a significant role in managers' sustainability sensemaking process and subsequent decisions. Due to the high degree of managerial control in SMEs, surfacing the inner experiences that influenced their sensemaking process such as emotions, intuitions and values was an important element in the data-analysis process.

The findings of this study on SME managers' experience of sustainability tensions and their sustainability decision-making portray a highly personalised decision-making and contextually stressful setting for SME managers. As the locus of control, managers must, on a daily basis as one manager expressed it, "balance working in the business versus on the business", while also addressing their personal needs and the firms' needs in a resource-constrained environment. While it was observable that managers operate in an extremely pressurised context of finding themselves both working on the floor and planning for the future of their business, managers personal resolve, commitment to the trade and sense of responsibility to honour their values, integrity and maintain 'best practice' was dually noted.

As my process model illustrates (see Figure 9 SME Managers Experiential Sustainability Sensemaking Process) SME managers go through a series of stages during their experiential sustainability sensemaking process. The three stages are organised under Maitlis, et al.'s (2013) three stages of emotional sensemaking: triggers, shaping and concluding', which is similar to Daft and Weick's (1984) traditional stages of the sensemaking process: scanning, interpreting and responding.

While facing sustainability prospects and pressures, managers experience "Sustainability Triggers" that spurs their confident sense of moral identity, their pride as responsible managers ensuring their firm survives, and their feelings of pressure to address external demands. Moving into the second stage of the managers' sensemaking process of the "SME Context and Managers Experience" the

organisational context becomes highly significant because, due to resource scarcity, managers feel overwhelmed which leads them to experiencing strategic tensions and a paramount unconscious personal dissonance of not realising there is a tension between their moral identity and their managerial responsibilities. Concluding, managers' experiential sustainability sensemaking processes are various "Sustainability Reactions". At this point, managers are making decisions in an instinctual manner by prioritising profit, and generally overcome with emotions of hopelessness, apprehension and resolve. Managers' personal dissonance and their concluding emotional state leads to non-strategic instinctual sustainability reactions that ensure their firms' financial survival and their personal legacy. This in turn shows that these SME managers lacked a sense authentic of institutional agency

As a snapshot, the aforementioned Aggregate Dimensions of this study include:

1. **Sustainability Triggers:** The internal (personal) and external (firm-related) factors, such as manager's sense of personal values and managerial responsibility or meeting customer and regulatory demands that trigger managers' sustainability sensemaking process. A range of emotions accompanies these factors, which greatly impact managers' sustainability sensemaking departure point. This first Aggregate Dimension relates to the 'triggers' stage of managers experiential sustainability sensemaking process and is a response to the sustainability prospects and pressures that manager's experience.
2. **Managerial Contextual Experience:** The contextual factors such as resource constraint and managerial overwhelm that influence the firm's ability to integrate sustainability and to innovate. Subsequently, this dimension also includes the sustainability tensions are prominent within the SME context and that managers experience. This second Aggregate Dimension relates to the 'Shaping' stage of managers experiential sustainability sensemaking process.
3. **Sustainability Reactions:** The emotional reactions rather than responses included in manager's sustainability decision-making. Managers reacted rather than strategically responded to sustainability due to contextual, experiential reasons. This third Aggregate Dimension relates to the 'Concluding' stage of

managers' experiential sustainability sensemaking process, which is made up of a lack of integrative sustainability decision-making.

Several managers emerged from the sample that demonstrated particularly forward-looking and ingenious perspectives. Understandably, these managers' business models, strategies and altogether enterprise success outweighed many of the other sample participants' enterprises. These managers typically ran larger SMEs than their counterparts and had distinctly different attitudes and behaviours.

Below is a table outlining each of the Aggregate Dimensions, the '2nd Order' Themes and representative quotes. The following sections delve into each Aggregate Dimension and their corresponding '2nd Order' Themes and '1st Order' Concepts. Direct quotes extracted from the interviews with the 12 managers are provided as examples in each section. For ethical confidentiality purposes, the names and company details of managers and their firms are not included in this study. Participants will all be referred to as 'manager', 'owner' or 'participant' in the remaining sections of this paper. Several of the themes outlined in the following sections could overlap and be transferable to other categories. I aimed to categorise these themes according to the aforementioned sensemaking format. While all '1st Order' Concepts are illustrated in the data structure above, and all '2nd Order' Themes are represented in the table below, particular concepts and themes came through stronger than others during the data analysis process and will, therefore, be given more attention and explanation in the following sections. The following section's sub-section titles correspond with the '2nd Order' Themes into which I integrated the '1st Order' Concepts.

Table 2: Aggregate Dimensions, '2nd Order' Themes and Representative Quotations

Theme	Representative Quotation
1. Sustainability Triggers	
Confident moral identity	<ul style="list-style-type: none"> • <i>“Yeah, you know, I was just brought up like that. If I had not done Scouts I would not be the same.”</i> • <i>“I don’t think caring for the environment has ever been a financial driver ... it has always been a moral responsibility ... this is the land the good Lord gave us, don’t mess it up.”</i> • <i>“You know, it is embarrassing for me when waste water is in driveway.”</i> • <i>“We do not have a five-year plan, we have a 50-year-plus plan. This biz is going to be here long after I leave here.”</i>
Responsible manager-owner pride	<ul style="list-style-type: none"> • <i>“I am proud when being sustainable ... it becomes second nature because I know I am doing the right thing. I don’t want to do business if I am not doing the right thing.”</i> • <i>“My main motivation in running my business is maintaining best practice.”</i> • <i>“You’ve got to realise that if you employ five people, you are now solely responsible for employing five families.”</i>
External pressures	<ul style="list-style-type: none"> • <i>“If you are just dumping it into the river, yes, you don’t have any extra costs, but then you have to imagine that at some point in time you are going to get caught and it is going to cost you a whole lot more ... probably your entire company.”</i> • <i>“My main driver for considering sustainability is regulatory compliance.”</i> • <i>“I do not believe it is any kind of genuine or sincere effort to make business less harmful, but really a fear that customers will judge the business if not.”</i> • <i>“The business needs to be involved in the community it operates in. We operate in the wine industry and the welfare of the community to where we supply tanks is important. There is political unrest and the children are not fed. Our clients are dealing with labour disputes on the farms so they’re not going to buy more tanks.”</i>
2. Managerial Contextual Experience	
SME context	<ul style="list-style-type: none"> • <i>“A lot of the decision-makers in the level we operate are not formally trained or educated so they've wormed their way into those positions through the passing of time and so they are not naturally inquisitive or they're not prone to benchmark</i>

	<p><i>themselves.”</i></p> <ul style="list-style-type: none"> • <i>“Artisans are a different cut ... but small businesses generally don’t have qualified people, they will have people off the street.”</i> • <i>“SMEs will struggle with the varied decision making ... in the sense that the people operating in the business are good at operating on the business ... It will always be a toss-up between working on the business and in the business.”</i> • <i>“Because we can make a snap decision right now, there's no red tape or nothing. If I decide to go that way now ... Wham ... we implement it now.”</i> • <i>“Small businesses have a limited focus and are fighting for survival so you trade certain elements off ... More selfish decision-making environment for SMEs.”</i> • <i>“It's always an issue ... look, we’re basically under stress most of the time, right?”</i> • <i>“It is easy for SMEs to try something new, but it is difficult for us to find the time. We are already maximising our resources.”</i> • <i>“We just basically have gone with the flow, we do what other companies are doing.”</i>
Sustainability Tensions	<ul style="list-style-type: none"> • <i>“We have not had time, or energy or inclination to consider anything else than profit, much less the environment, not even our staff really or our processes.”</i> • <i>“Yeah, well, maybe if I was totally ethical I would have shut my last business down instead of selling it, but someone else would then fill the gap, so...”</i> • <i>“We are stuck in the short-term needs because long-term is a luxury.”</i> • <i>“I mean at the moment in a small company, we are more focused on cash flow ... but you can get to some point where you are left behind if you don’t innovate.”</i> • <i>“I think you have to find a balance between sustainability needs. Otherwise you won’t stay in business.”</i> • <i>“The idea is to try to incorporate sustainability measures without there being a negative influence on the profits.”</i>
3. Sustainability Reactions	
Hopeless inaction	<ul style="list-style-type: none"> • <i>“Anyone that is doing something for the environment always has a hidden agenda, you know.”</i> • <i>“You can green wash all you like but most businesses are essentially extractive or they are producing consumer goods or they’re producing industrial goods to produce consumer goods.”</i> • <i>“We have very little influence on the bigger circle, you know.”</i> • <i>“Yeah, but I often think of ‘but what can I do’ ... there’s not much we can do.”</i>
Apprehensive	<ul style="list-style-type: none"> • <i>“We brought a manager in to focus on the green issue...”</i>

sustainability 'housekeeping'	<ul style="list-style-type: none"> • <i>“Environmental work we do at this stage is basically recycling.”</i> • <i>“I do not want our business to be consciously negatively affecting the environment.”</i>
Resolve dilemma outside the firm	<ul style="list-style-type: none"> • <i>“I put my energy and my private time into more meaningful things and so as a business there are only so many levers we can pull.”</i> • <i>“I always thought I could make more of a difference outside of firm”</i> • <i>“We do regular payments to Boys’ and Girls’ Town and the fire brigade people and one or two others.”</i>

4.5 Sustainability Triggers

Managers throughout the interview process were probed to express factors that shaped their sustainability decision-making process and responses. Managers expressed both internal personal and external firm-related factors that influenced their sustainability decision-making. These triggers spurred a number of emotions to be surfaced during the interview process and through observation of what managers said versus what they did.

Woven within managers' experience of sustainability triggers was an unconscious internal emotional paradox consisting of feelings of confidence and pride that made it difficult for them to realise they had conflicting personal motivations between honouring their morals versus responsibility to the firm. On one hand, managers' moral identity was constructed by their care for environmental and social matters whereas, on the other, managers were strongly motivated by economic drivers that kept their pride intact and ensured the firms' legacy.

The three specific themes relating to the sustainability triggers that set off manager's sustainability sensemaking process were:

1. Confident moral identity: Managers confidence in how their morals, ethics and values translate into their managerial decision-making.
2. Responsible manager-owner pride: Managers imbuing a sense of pride in their responsibility as managers and/or owners to the survival of the firm.
3. External pressures: The external inputs such as policy, market and sustainability trends that influence managers to feel pressured out of fear to comply or meet emerging demands and trends.

4.5.1 Confident Moral Identity

Managers consistently made reference to their moral compass. Managers expressed that their morals, ethics and values influenced how they made decisions and responded to environmental and social sustainability concerns. Several managers attributed their moral identity to their upbringing and past experiences. These descriptions were highly subjective from manager-to-manager, yet they all imbued

with them a sense of confidence and faith that their morals guided their decision-making. While it was clear that managers were highly ethical, their ability to translate these considerations into their firms' operations was limited due to conflicting emotions and contextual factors, which will be explored further on in this chapter. When managers were asked what influenced their decision-making, their personal care for the environment and society was an often-discussed element; however, through observation, manager's sense of morals and ethical responsibility were not always the most influential when it came to implementation. There were factors that resulted in managers confident moral identity ('1st Order' concepts) that managers' believed influenced their environmental and social sustainability decision-making. These terms are listed below in the order of data significance and 'groundedness'³ however, they will be discussed in one section in order to acknowledge and highlight the relational aspects of the coded concepts. These concepts include:

- **Personal past experiences:** Managers reminiscing on how past experiences have influenced their environmental and social belief systems.
- **Personal values and ethics:** Managers stoutly expressing how their personal values and ethics influence them to make pro-environmental and socially sustainability decisions.
- **Personal responsibility:** Managers assuredly expressing their sense of managerial responsibility to the environment and their employees.

As managers expressed their attitudes about environmental and social concerns related to their business, they continuously referred to their personal upbringing and how these past experiences shaped their environmental and social awareness today. In general, managers were more inclined to mention how their past had influenced their environmental beliefs. When one manager was asked about why he did not take the cheap and easy route and dump his wastewater in the bushes behind the factory,

³. 'Groundedness' refers to the number of times that a particular theme emerged from the interviews through the data-analysis process of coding.

he confidently said, “I was just brought up like that. If I had not done Scouts I would not be the same.” Another, while explaining why he separated his chemicals into different drums, pointed to his family upbringing, telling me, “I was just brought up like that, that’s just how it was. When I was younger you would never throw a piece of paper outside of the car.” Another manager, when speaking about trying to get his employees to become more environmentally aware, he was certain that his upbringing was different to his employees and had thus shaped them differently:

It’s a real thing and it’s becoming more and more challenging in the diverse South Africa. I grew up in a certain way that made sure I cared about this stuff. I’ve got a history that moulded me and my thoughts a certain way.

Further comparison between managers and their employees was seen through managers pointing to a lack of education being detrimental to their employees’ sustainability awareness and behaviour in the firm. One manager self-assuredly exclaimed, “The biggest threat to the environment globally is the poorer social classes, as they don’t have any environmental education or conscience, at all.” This manager went on to state: “So one hundred people behaving environmentally unsustainably is a lot more detrimental than my waste bucket, as I know what I am doing with it.” This comparison to employees and perception of self-illustrated the managers’ confidence in his decisions. Nevertheless, another manager, who ran one of the more successful firms, had a more positive viewpoint on the uneducated class:

In the South African context, even those that are not educated and grow up living in rural communities understand the natural cycle and know that if we don’t listen, we will be hungry the next season. They are close to nature and understand that we are a part of it.

Managers were quite certain their past experiences had shaped their personal values, ethics, morals and general codes of conduct as individuals. As will be discussed, there was, however, a level of dissonance between these managers' moral conduct as individuals versus their responsibility as firm owners; however, when asked what stopped them from pouring coolants down the drain many of the managers pointed to moral judgement and compliance. When several of the managers were asked why they paid for someone to pick up their waste, it was voiced as "being the right thing to do, and feeling like it [was] the only way to do it". Another participant boldly stated, "If I go dump my waste in the field, that is just wrong!" Given the size of firm managers' enterprises, participants did not often point to environmental or social responsiveness as being driven by financial factors, but rather because they were moral individuals. One manager explained that:

In big firms you do ... you can take your waste and sell it and get the benefit because it will be a couple of thousand rands a month; however, in a small firm like ours, it is very difficult to see the financial benefit, so in a smaller firm it is purely a moral decision.

This sentiment was in line with many of the smaller of the enterprise managers' expressions of why they ran the business. Many managers of these enterprises were tradesmen that had worked in the sector for decades and were passionate about the work itself versus purely operating from a place of wanting to make as much money as possible. They held a sense of responsibility and pride in this fact. One participant said, "If you look at the end, we may not make much money, but it does not matter to me, just as long as I have enough."

Aligning with managers' attitudes being driven more by a sense of moral and ethical behaviour rather than by finances, was their personal sense of responsibility to the environment and society. One manager stated:

I don't think caring for the environment has ever been a financial driver for me, it has always been a moral responsibility I feel. This is the land the good Lord gave us, so don't screw it up. You've got to leave it to your children, so 90% of my sustainability decisions are a moral responsibility. Problem is you've got guys that are dumping all over the place because some people just don't care or feel responsible.

Similarly, when asked whether he disposed of his toxic coolants for financial reasons, one manager drew attention to his personal responsibility if he were to act irresponsibly: “No, it's not about profit, it's about being conscious. If I dump stuff in the drain, that is totally on me!”

Business owners and participant managers carried with them a strong sense of personal responsibility to the environment and community in which their firm operated. This sense of environment and community was often related to the direct environment over which they felt they had control. One manager exclaimed “... all you have control over is what happens in your own micro-environment ... so that you can control, so let's make sure we keep our place clean”. As will be discussed in the last section of Chapter 5 on sustainability reactions, this notion and correlation of ‘cleanliness’ to sustainability responsibility was a constant theme, yet was not an integrated sustainability strategic response. Additionally, as will be discussed later, this relates to managers feeling as if they can only affect their immediate environment. This sense of personal responsibility was demonstrated by many managers’ need to care for and control their business operations. When asked about how he ran his business, one manager told me:

To us, this is a job and we just need to work, but we also need to take care of everything else around us. The work environment should be that place where people are happy. And if people are happy, then I am happy as we are being the best at what we can do.

The above quote highlights the passion and personal responsibility that many of these managers felt. As another manager confidently mentioned, “one has to celebrate the right to operate a business and this comes with a lot of responsibilities.” The same manager later stated while telling me more about his consideration of social and environmental sustainability aspects that “... ignorance is no excuse, so if you are going to contribute to the bottom line, you must know it is a not a singular thing. This is a big responsibility.”

The undertones of managers expressing their personal responsibility came through consistently as a motivating driver when participants were considering the environment and society as they ran their businesses. Similar to the quotation above, another manager stated that he would like to lead by example, as “it is a privilege to run a business in South Africa”. Some managers went as far as expressing shame or embarrassment for when they had not acted environmentally or socially responsibly. One manager, when asked about this, looked away and told me he did not want to talk about it, while another participant, when given a hypothetical question of irresponsibly getting rid of his waste, told me, “No, that just could not happen – you know, it is embarrassing enough for me when our waste water sometimes goes into the driveway; however, that is impossible sometimes”. Another manager, when asked about how he feels when responding to environmental or social issues in a responsible manner, told me with a proud smile that “it makes me feel good” to do so. This same manager, when talking about the company culture, said that:

When you come here, you are stepping into the [company] culture, which is different to every other culture ... we want the legacy of the company to live forever, and provide as much work to people as we can.

Throughout the interview process, there was a thin line between managers expressing their business responsibility to the environment and society, and their managerial responsibility to the business alone. Some managers’ sense of business responsibility directly related to taking care of society and the environment. One manager indicated that:

It is your responsibility to your environment and to your community to do things right. As a business owner you cannot pump acid waste into the water, river or let paper or plastic bags fly out of your industrial area. It's a matter of housekeeping.

The sense of pride and legacy by which many of these business owners felt and stated they led their business practices, was illustrated by many of the owners setting their succession plans of who would take over their business after them. An owner and manager of one of the more successful firms told me, “We don’t have a five-year plan, we have a 50-year-plus plan. This business is going to be here long after I leave.”

The aforementioned confident moral identity sustainability triggers that managers reported during the interview process were expressed in highly interpersonal ways. All managers carried with them a strong sense that these morals guided their decision-making. These characteristics may be seen as personal intrinsic sustainability triggers. The following section will delve into a mix of managers’ intrinsic and extrinsic triggers, which consisted of managers’ managerial pride to be responsible manager-owners

4.5.2 Responsible Manager-Owner Pride

As previously mentioned, the sample of managers interviewed carried with them a devoted sense of pride in their desire to carry on the legacy of their firm after they had moved on. Two primary reasons for this were managers’ passion for their trade and the firm often being an embodiment of managers due to managers having either worked up the chain of command or started the enterprise as a young tradesman. In essence, managers were the locus of control, so their identity and pride were intertwined with the firm’s success. With this perspective, managers repeatedly told me that they as manager-owners would feel a sincere responsibility if the firm failed and coincidentally a sense of pride if it were a success.

Participant's way of expressing their sense of responsibility and pride as manager-owners was often displayed through their commitment achieve and maintain 'best practice' in their business operations. Managers typically explained this as being their ability to "run a tight ship" in which efficiency, safety, cleanliness and procedural workflow were at the top of their list. The managers explained that these elements all led to profitability and success. Aside from these operational practices, within the context of the firm, managers also felt responsible to "provide good jobs" to their employees and country as a whole. While this notion was positioned from the managerial perspective, participants felt a high degree of personal responsibility due to the firm often being an extension of themselves. With this said, all the factors listed below were subject to the financial success of the firm as this was the ultimate goal for managers as being responsible manger-owners. There were three factors ('1st Order' Concepts) that emerged as being the triggers for manager's sense of pride and responsibility as owner-managers. These terms are listed below in the order of data significance and 'groundedness'. These concepts will be reported together in an integrated manner:

1. **Maintaining 'Best Practice' and 'doing things right':** Managers strived to run their firm with 'best practice' operations and procedures in order to maintain and run a business of which they could be proud.
2. **Do not want our business to be consciously negatively affecting the environment:** Managers adamantly did not want their business operations to be 'consciously' contributing to environmental degradation or societal challenges as this evoked shame.
3. **Providing good safe jobs as a business owner:** A key component of managers' sense of pride was their responsibility to provide and create good jobs for their employees and the country as a whole.

As I integrated what drove managers business decisions, they often proudly noted, "My main motivation is to maintain best practice in all levels of my business operations." The sense of responsibility managers felt in running a business of best practice was illustrated by one manager telling me that the only way to do business was if it was done 'the right way' or as another stated, "we only do things right. If it's

not right, then it is wrong.” Infused with this sense of business responsibility to ‘do things right’ was a sense of pride exhibited by, “I am proud with how I conduct my business practice. It even becomes second nature because I know I am doing the right thing. I don’t want to do business if I am not doing it right.”

This managerial pride translating into surety was highlighted when a manager said, “I never make a decision that is not right”. Nevertheless, this pride and confidence could also be interpreted as managers believing the simple fact that maintaining such practices was the obvious choice in how to run their firm and keep their integrity. In turn, one manager expressed that he maintained best practice in his firm because “it is the right thing to do and *feels* like it is the only way to run my business.” This quote does not only represent the self-evident presumption of how one should run their business, but also surfaces managers’ innate business responsibility stemming from a best practice business logic. While concepts of ‘right’ and ‘wrong’ are often intrinsic subjective values from person to person, in the context of firm responsibility context, managers had common expressions of this being achieved through “less movement inside the factor” and having “less waste, more production ... so the flow is nice and efficient inside of the factory.” Managers pointed to following international best practices as the way to achieve this.

As will be discussed, many managers did not feel they could make a huge environmental or social difference outside of their workshop. However they did feel empowered in their firm. This did not translate into integrated sustainability strategies in the firm, but rather managers feeling proud that they were not “consciously negatively affecting the environment”. One manager reported that he didn’t want his business to be “creating a big landfill”, while another manager, when asked about their waste going into the storm-water drains around their plant, adamantly exclaimed “no, no we know that would totally bugger up the environment by getting into the storm-water and down into the river”. When I probed one manager if he had ever taken a shortcut to save some money he exclaimed, “we could save money, you know we could actually just dilute it and dump it, but we would not do that”. Arguably, managers did not, in reality, feel ‘responsible’ per se but rather felt guilty if they were to contribute to environmental degradation or societal issues. With

this in mind, a manager's ultimate sense of responsibility was to the financial aspects of the firm.

Managers expressed and demonstrated a commitment to provide good safe jobs for their employees. This was often an effect of managers striving to maintain best practice, as "it is not an option to not provide the guys with glasses. If you need glasses, you need glasses ... safety of my employees is one of my main priorities." This responsibility to employees also came through in the need to keep employees satisfied, as one manager stated, "we just try to run the business so that everybody who comes here enjoys it." Another manager remarked that in the SME context this was particularly important as "in a small company it is very important to look after the guys". Even surpassing the business responsibility to keep employees happy, a couple of managers had profit share measures in place to spread ownership and accountability in the small team. As one manager noted, "I give the guys here 10% of the company shares so they can realise that if the company does well, they get money." One of the larger more successful SMEs even established its own business school for employees' children, as the manager noted, "many of the children of our workers end up working here."

Many of these efforts held with them a sense of patriarchal responsibility. Managers showed a sense of pride in their ability to take care of their employees. Such 'care-taking' was even displayed beyond the workplace such as managers feeling the responsibility of their employees' home lives. For example, one manager stated that "at a given time I will have R10 000 out on loan to my workers ... so if they need to build a house or something like that we can always help them with that." One manager commented, "you gotta realise that if you employ five people, you are now solely responsible for feeding five families." Another manager framed it as a risk if you do not care for your employees, saying "if you don't invest in your staff, you're history". These quotes illustrate both a sense of burden that managers felt, but managers also realising that they have to care for their employees in order for their firm to succeed.

The responsible manager-owner pride sustainability trigger played a strong role in managers prioritising the financial success of their firm over other sustainability dimensions. However this was not always a conscious decision. SME managers

being the locus of control and an embodiment of the firm's success made these decisions to maintain the legacy of the firm through financial prioritisation quite simple. Several of the most influential sustainability triggers that affected manager's decision-making was the external pressures managers experienced. These pressures posed an element of direct risk if managers did not attend to them accordingly.

4.5.3 External Pressures

While I probed managers to express what factors influenced their sustainability decision-making the most, they unflinching pointed to external pressures that made them consider the larger social and environmental dimensions of their firm's operations. These drivers were regularly held within a risk mitigation framing and managers spoke seriously of the ramifications that would ensue if they were ignored. Managers also expressed that external pressures were becoming increasingly intense as the policy was tightening and more clients wanted to know their operations procedures or see environmental management certifications.

While external pressures did strongly influence manager's strategic business decisions, these triggers held within them a sense of fragility as they were not intrinsically motivated, but rather extrinsic demands that did not stem from a value-add perspective. With this in mind, managers did regularly note that if it were not for some of these pressures stemming externally, they would not be taking such environmental and social sustainability measures. Therefore, if policy or client pressures shifted, these efforts could easily crumble. As with the previous sections, there were three factors ('1st Order' Concepts), which emerged as being most the most significant external pressures that motivated managers to consider or integrate environmental or social sustainability measures into the firm. These terms are listed below in the order of data significance and 'groundedness'. These concepts will be reported together in an integrated manner:

- Regulatory compliance forced on managers: Managers feeling pressured by policy and legislation frameworks to comply with environmental and social regulations or running the risk of getting fined or shut down (risk framing).

- Clients force us to change, and customers care about brand: Clients increasingly wanting to know that firms are reliable brands with good procedures before doing business with them.
- Sustainability business case to manage risks: Broader economic, social and environmental challenges pressuring managers to protect their business through considering sustainability risks.

Most managers that reported their sustainability decision-making process was largely due to their moral compass immediately mentioned that their “main driver to incorporate sustainability is abiding by regulatory compliance” as this posed the biggest risk to the firm. This was particularly abundant when managers expressed to me which sustainability measures actually ending up getting implemented. One of the owners from a larger SME that had a few managers mentioned “you don’t really get any board level consideration of sustainability issues unless it is forced onto you like BEE is for example.” All the managers pointed to the fact that trying to cut corners to save money was not a wise business strategy in that “the money you are trying to make out of not following the rules is not worth the while because the fines will be three times more than your saving ... the fines are big in South Africa.” Another manager, when asked if it would save him costs to dump his effluents in the river, told me:

If you are just dumping your waste into the river, yes you won't have any extra costs to pay for it to be properly disposed of, but then you have to imagine that at some point in time you are going to get caught and it is going to cost you a whole lot more ... probably your entire company.

Another manager explained the extreme penalties he could face if he took a shortcut:

If you get caught dumping chemicals into the drain you will get shut down. And then the authorities will find out how long you have been working for and what leachates you have been using and find out the average you have been using and then fine you according to that ... and then you are certainly done!

Even one manager that staunchly stated that his motives for considering the environment were from a moral perspective, reluctantly told me about his fear:

Yes, well for me it is always about it being the right thing to do ... but I but I also have a fear, actually I have the knowledge that you are not allowed to break the rules. So if somebody came we would be in big trouble.

While this fear of getting fined was common, one manager had less of an optimistic view when saying, “many companies don’t follow the rules as the government lack capacity to enforce anything other than SARS (South African Revenue Service).” The managers in the sample, however, did not admit to such bending of the rules as they continually expressed the potential challenges that would ensue.

While the fear that many managers had of being fined was a strong motivator for environmental and social sustainability decisions, the competitive risk that managers said they would face if they did not keep up to date with emerging compliance frameworks, such as ISO (International Organization for Standardization) was equally as strong. One manager stated, “it is becoming more and more important and even a requirement from our clients and everyone around the world to get things like ISO 1400.” This increasing pressure of clients forcing firms to adopt such measures was noted by managers as being a sound investment in the future of their firms’ success. However managers often felt they were having trouble keeping up with all the new regulations and compliance certifications. One manager felt daunted by such standards as ISO, which he said, “it covers everything and eventually all of our clients will move towards wanting all the firms they do business with to have ISO 1400.”

Another manager framed these incoming pressures as risks that needed to be considered because many “clients want to know about environmental friendliness through the procedures that you run, so we are now forced you to adopt these measures.” The same manager went on to note, “doing it this way helps you get more business.” Managers also stated that “if clients or other firms find out find out you are doing something in a wrong way they will rather not deal with you and deal with someone that’s got their own interests.” None of the managers were excited about these new standards being placed on them. Rather, they saw these as just another piece of maintaining best practice.

Client pressures were equally matched by customers now paying closer attention to the practices of firms in how they considered environmental and social aspects of their business. One manager who worked for a company in the plastics business noted that, with increasing customer awareness about the potential negative environmental effects of the plastic industry, “we started to focus more on environmental issues when climate change and everything came out in the media, so we had to develop with the customer trends.” He went on to note “as a plastic manufacturer it [had] become an essential part of the business as there are customers out there that will not do business with you otherwise.” This was supported by another manager’s brand awareness when he said, “so we do not want to get in trouble with our brand through making bad decisions. We have to be cognisant and take risks accordingly.” One manager, who had a more cynical view on the matter, said “I do not believe it is any kind of genuine or sincere effort to make business less harmful, but really a fear that customers will judge the business if not,” which aligns with another manager's strategic point of, “how do you tell people that you actually care about the environment? You gotta show them!” There was, however, a shared sentiment that many of these sustainability responses firms were taking to appease clients and customers were shallow in that “anyone that is doing something for the environment has a hidden bloody agenda and are really just trying to promote their brand by doing things like printing save the rhino stickers.”

While external pressures of legislation, client and customer demands were the primary drivers for sustainability decision-making by firm managers, several managers also pointed to how integrating sustainability policies could help them

better cope with some of the broader economic, social and environmental trends that could affect their business success. One, when asked about how he strategically plans, told me “You need to lead by understanding. You need to not only be good in that little business but also understand what trends will affect your environmental risks.” This same manager, who ran one of the more successful firms told me about South Africa’s economy moving into the ocean economy, which would mean there would be more work but also more consciousness of oceanic issues. He said “our firm wants to be a part of the change and we need to embrace that, and be aware of such policies as the National Development Plan”.

Another framing of the business case for addressing sustainability agendas pertained to cost reduction. This typically came in the form of managers talking about the potential to “reduce waste through reusing products” or, as another manager who worked with steel expressed, “with steel you can recycle it and get money back.” One manager spoke of how raw materials were expensive and therefore the firm had to adapt accordingly. However he did note that this response was not an integrated sustainability approach but rather a reactionary response to save money:

The primary driver for our firm is always financial pressures so that leads to us trying to reduce our waste and hopefully reduce our consumption. However it's hardly an expression of sustainability management but rather it's just that our raw material is really expensive so we have to not to waste it at all and recycle as much as we can.

Another manager told me how they had used sustainability measures to save them financially when he said “you can use the environment to your advantage and save a lot of money. We save R20 000 a month by doing our own effluent control here on-site.” Some managers had a more integrated perspective and understood how sustainability awareness and policies could protect their business interests. One business that operated in the Winelands said:

The business needs to be involved in the community it operates. We operate in the wine industry and the welfare of the community to where we supply tanks is important. We need to be aware of political unrest and if children are not getting fed. One example is our clients are dealing with labour disputes on the farms, so they're not about to buy more tanks at the moment.

Another manager who was well aware of the environmental risks of increasing droughts in the region had recently invested in water tanks “to collect water so we are now going to have water resources for the next six months. We’re going to double that number of tanks soon and then be self-sufficient for a year.”

One firm that had been aware of the rising electricity costs had developed a new technology and said the product was not selling at first as clients did not want to pay the extra, “but now that Eskom has ramped up the electricity prices, these things are coming onto the radar and the more progressive clients are beginning to see it.”

The external pressures outlined above were some of the strongest drivers influencing factors for managers to integrate environmental and social sustainability. Nevertheless, due to the SME context, managers felt pressured and strained by these external pressures and, as will be demonstrated further on in this chapter, managers dealt with these sustainability triggers in a reactive manner that did not embed sustainability into decision making but was rather seen as a way to avoid risk. The next section will examine manager’s contextual experience in the SMEs, the resulting sustainability tensions that surfaced in the environment and how managers’ experience of these elements shaped their sustainability sensemaking process.

4.6 Managerial Contextual Experience

I probed the participants during the interview process to share their experiences of working as managers in the SME context. Through this interrogation, a number of concepts and themes emerged that illustrated the importance of managers lived experience within the SME context in shaping their sustainability sensemaking

process and ultimate sustainability decision-making. The findings show how resource constraints lead to managers feeling overwhelmed and distressed. The findings indicate potential enablers for SMEs in their efforts to consider and adopt sustainability prospects; however the findings also demonstrate that SME's feasibility and viability limitations stunted hypothetical possibilities and led to sustainability tensions that managers had to face. The tensions that managers experienced varied and were not identified as sustainability tensions by managers, but rather as ordinary daily strategic dilemmas. The most well-known and traditional tension between environment-society-economy was the most easily recognised, however managers easily resolved this tension by prioritising profit amidst the SME context of fighting for survival.

Managers' experience of the following concepts and themes explored in this section played a significant role in shaping managers sustainability sensemaking process, and while managers had varied experiences of these elements, their responses were relatively uniform. The two themes that shaped manager's sustainability sensemaking process were:

1. SME Context: Managers in the SME context were in a constant fragile state of fighting for survival. This was due to training limitations, managers having to balance too many diverging responsibilities and the firm having resource constraints. Subsequently, this evoked managerial overwhelm and resource distress that shaped managers sustainability sensemaking process and led to sustainability tensions.
2. Sustainability Tensions: Emerging out of the SME context were a myriad of sustainability tensions, some of which managers struggled to grapple with while others they easily resolved by prioritising the immediate survival of the firm.

4.6.1 SME Context

Lack of Training and Managerial Overwhelm

The capabilities and nature of SME managers and employees surfaced as a vital influencer of a firm's ability to not only integrate but also consider sustainability prospects. Depending on the firm, these human resource factors manifested and were channelled in both negative and positive ways in their ability to assist in sustainability policy adoption. These factors, however, at the foundation were key elements in SME's ability to innovate and succeed in general. Manager's resulting feelings of emotional overwhelm impeded their ability to gain perspective and strategise accordingly.

Adding to this overwhelm was SME managers and employees lack of sufficient training. This emerged as a key barrier for SMEs to excel past a certain limit or even begin to consider sustainability dimensions. Coupled with this were managers having to straddle their managerial duties between working on the floor with their employees versus working in the office and strategically planning how to both govern and operationally run their firm. This led to managers feeling constantly stressed in their efforts to keep up. Depending on the personal motives of the manager, a potential enabler towards sustainability that was identified was a manager obtaining a high degree of control and decision-making power. There were three concepts ('1st Order' concepts), which emerged as being the most significant to SME manager's contextual experience. These terms are listed below in the order of data significance and 'groundedness'. These concepts will be reported together in an integrated manner:

- **“SME managers and employees lack sufficient training”**: Many SMEs in the sample lack experienced managers and staff.
- **“SME managers get stuck on the floor everyday”**: SME managers expressed that they would get wrapped up in the day-to-day operations of the firm so they struggled to obtain strategic oversight. This resulted in managers feeling constantly overwhelmed, which ended up being a significant factor in their ability to address sustainability dimensions.
- **“SME managers are the primary driving force”**: The SME managers were the key decision-makers of the firm with a high locus of control.

Many managers of the SMEs visited had been working in the industry for several decades, and sometimes even in the same company. This equated to many of them having worked trade jobs their entire life and having never received formal education after high school or managerial training. Those SMEs interviewed that were most successful tended to have managers that had professional training at some point in their professional development and were able to articulate their strategic approaches far more clearly. One of these managers noted that:

A lot of the decision makers at the level we operate are not formally trained or educated, so they've wormed their way into those positions through the passing of time and so they are not naturally inquisitive, or they're not prone to benchmark themselves.

This natural progression up the ladder creates environments in which managers do not have the appropriate knowledge to audit their own managerial or strategic capacity. Nevertheless, this is just one perspective as many of the less educated or formally trained managers were well aware of their lack of managerial training. When I visited one of the managers, he was occupied watching YouTube clips on how to manage and gain strategic oversight in small businesses, which he indicated to me as being his way to learn and self-improve. Another manager openly stated when speaking about strategy and sustainability “we didn’t have a lot of knowledge about this kind of stuff. We have just been forced to figure it out along the way.” Another manager of one of the bigger more successful firms when speaking about the managerial capacity of SME managers stated:

The managers in those levels are people who tended to be older white guys who have benefitted from the job reservation inherited in Apartheid and they're still sitting in those levels. They claim to be uniquely skilled based on their

experience and not formal training so you end up with an extremely narrow view of how things need to be done and it's really a major inhibitor to innovation and progress.

On the contrary, another manager self-reflects that he was well aware of his initial naivety and that he needed to develop with the times and trends in order to remain successful:

It took me years to understand all of this, I did not have a global view when I started ... in the earlier days when my SME was growing, I think the worst thing was my problems got bigger because I didn't have a proper view of things. I was maybe successful with my clients but I was not necessarily successful in the bigger picture ... and that is when you become a bad manager, when you are not in touch with trends. So your skills are not just about how to be a good manager but to understand how you fit into the bigger scheme of things.

Another manager drew the parallel of unskilled staff moving up the chain of command to a high position without proper training.

I think small companies need to be careful in assessing people's capabilities because I think the worst mistake that small businesses make is when someone is good at a task we move them up in the ladder to supervisory roles and then we fail.

Many of the firms expressed that this was common, as the firms became tight-knit organisations in which many workers stayed for years on end, building strong bonds and slowly progressing to higher roles. While this mobility has its detrimental effect, it was expressed that it creates strong organisations that can beat the test of time.

While several managers did not note the lack of managerial capacity in their firm and ultimately themselves, almost all were able to draw attention to challenges of not having qualified or skilled employees working for them. As will be discussed, this was often an issue of resource deficiencies within the firm. Employees of SMEs were often “trained from scratch on the job” and as one manager said, “artisans are a different cut, but in a small business we generally do not have qualified people so many firms just get these guys off the street.” Another manager noted that it is a perpetual challenge, as he cannot call on a pool of people when he needs a job done, as “the staff is all illiterate”.

The challenges of unqualified managers and employees are, as mentioned, a direct result of the nature of SMEs often being started by young tradesmen or employees working up the ladder to the point where they are running the business. While the above illustrates several of the deficiencies of SME personnel, all the managers interviewed had been running their business for several years and had been able to survive. This constant state of survival does, however, disempower firms from innovation and even being able to begin thinking about holistic sustainability integration policies. Accompanying the lack of human resources and managerial overwhelm were general resource constraints that caused distress for managers and disabled them from comprehensively considering sustainability.

Resource Distress

As touched on, the limited human resources within SMEs do not always play out in a similar manner, as many managers held competencies outside of traditional norms of managerial capabilities that enabled them to keep their businesses afloat. Across the sample, however, many participants compared SMEs to larger corporations and continuously raised resource limitations, whether disposable capital, technology or time, as being a major limitation for SME managers to strategise, innovate or consider sustainability options. This notion of “we are basically under stress most of the time ... what usually happens is just as we finish, wham, another job comes so the pressure stays, which is good but there is no peace of mind” was a perpetual theme that from the outside would appear to be a positive factor, however these same managers

consistently made mentioned of “lack of capital” or “we are just always too busy trying to catch up”. This state of not having enough resources and trying to catch up situated many of these SMEs in a constant state of fragile survival.

Upon visiting many of the managers, I was continuously told of the fires they were putting out and they were physically getting up during the interview process to deal with something on the floor. This resulted in a perpetuation of having to mitigate risks versus having the time and space to innovate. On the more positive side, many spoke of the size of the firms being a positive factor in being able to change easily. Coupled with the previous section highlighting managerial control, this allowed for a level of mobility that SMEs had shift direction and pivot when needed. Nevertheless, given the fragile state of these firms and many managers not having the managerial knowledge to benchmark themselves, this was not a light-hearted risk, and many managers ended up locked into their ways of doing business. There were another four concepts (‘1st Order’ concepts), which emerged as being most the most significant human resource factors influencing the SMEs. These terms are listed below in the order of data significance and ‘groundedness’. These concepts will be reported together in an integrated manner:

- “SME lack of resources”: SMEs often not having the resources to explore sustainability possibilities.
- “SMEs are fragile and fighting for survival”: SMEs are continuously fighting for survival and are therefore fragile to failure.
- “SMEs are easy to change”: Due to the size and managerial control, SMEs can make strategic changes easily, however they are simultaneously locked into many practices.
- “SME peer influence”: Regional SMEs tend to influence one another and work with each other through unions and clusters.

Resources limitations in SMEs emerged as a clear barrier for managers to comprehensively strategise, take risks through innovations or even to holistically explore sustainability options in the firm. As discussed, this deficiency included the human element but also capital to invest in raw materials and technology. This

created circumstances in which SMEs were not able to radically innovate but rather had to take very small steps to grow. One manager told me he needed more employees on the workroom floor so he could scale his business, but he first needed the business and capital to hire them:

To go from five to six people in my firm is a huge wage increase, as we would not be jumping up 20%. You tell your shareholders in a big company that you need to hire more guys and it will be a 20% increase, they will tell you you're mad.

Another manager spoke about some big jobs he wanted to do in the future, but he didn't have enough skilled workers so he would have to "bring guys in for a week for a specific job," which he commented was not ideal as they ended up charging high rates. He later mentioned, "I need to get more skilled staff in but the training is going to be an increase in the wage bill before they are contributing so it's going to be difficult."

When it came to these firms' ability to think outside their box and innovate, one manager compared his firm to "big companies [that] have the capital to implement innovations. In SMEs like us, we would like to do these things, but we do not have the money to do it." Similarly, when it came to the prospects of considering sustainability in the firm, another manager clearly stated "cost and time for small companies are the biggest problem when it comes to even thinking about or incorporating sustainability. These things cost money, lets be honest." Another manager supported this when he bluntly told me "look we always have more important things to do and have never made so much money we don't know what to do with it". This statement clearly indicates that the concept of sustainability for this manager was really only a consideration when they had enough left over money that they were looking for something to do with it.

SME's lack of human, financial, technological and time resources naturally led many of the interviewed managers to feel as if they were in a constant state of fragility as

they were fighting for survival. This was clearly described by one manager as continuously feeling as if his firm was in a “brittle and fragile state”. Another manager of one of the more successful and larger SMEs when asked about their firm’s sustainability policies told said in a disheartened manner:

We have not had the time, energy or inclination to consider anything else than our basic needs, much less the environment, not even our staff or our processes really, it has been a good case study of how all the pressures can shut everything else out.

Another manager, who said he sometimes had to prioritise profit over environmental agendas because they just needed to stay afloat, complemented the above statement when saying:

I wouldn't say it has been to make more money but rather I have done it to survive ... If things are going a bit tight and I do not have the extra budget now, I am going to save cash and it is going to help me down the line.

This relates to a manager that spoke about the sometimes-selfish nature of SME managers, as they often need to do whatever is possible to survive, “I would say small business have limited focus and are fighting for survival so you need to trade certain elements off. It becomes a more selfish decision-making environment.”

Many managers mentioned that this constant fight for survival disabled them from really planning far into the future, which was an inherent characteristic of SMEs that played out in both negative and positive ways. One manager mentioned, “Even five years is quite far thinking. For small businesses, it is hard to plan for more than a year ahead”. While many SMEs were not able to plan too far ahead as one manager expressed: “What we planned yesterday for tomorrow, yesterday for today, can

change overnight.” This indicates that plans get changed in a fast manner in SMEs. As one manager said, when talking about his managerial style: “I can call get all my workers together now and make a decision and say ‘listen guys, from tomorrow, this is how it's going to happen’.” Many managers said this was because of the efficient communication channels that managers could implement in their firms, “We can communicate quicker and we have a young force ... In a big company there are a lot more channels. We are reaching everyone at once at a meeting we are in touch with everyone.”

This rapid change has its benefits as one manager mentioned, “in a small company we can take risks, we can just go out and try it.” This clearly collides with the notion of fragility that many managers expressed. With this notion of lack of resources and fragility in mind another manager stated:

It is easy for SMEs to try something new, but it is difficult for us to find the time. We are already maximising our resources but when we do find the time, we do just do it right away ... it is easier for us because we are a small company and there is less red tape.

Another manager supported this notion that it is easier for SMEs to try new things; however, implementation and realising the benefit was often limited when he told me, “I think, small companies are typically easier to reposition for a new opportunity but then might struggle to bring capacity to bear to realise that opportunity.” Another manager mentioned that one of his core strategies was not to do too much at once, but rather for the long-term success of his firm he would like to see “incremental changes over time so we can here for the next one hundred years”.

This same manager, when speaking about the general fragile state of many SMEs in the region showed a glimpse of hope as he had seen:

A group of companies that definitely is fragile when the market is down or slow or not responsive or there's a crisis or whatever. Definitely, without a doubt. But I see more and more companies building up resistance to that. Finding niche markets, finding one or other way to get more robust.

Several managers spoke both about how they were working together with other firms or adopting a similar strategy. Of the sample in the Western Cape region, there was a tendency for these firms to influence one another through word of mouth or being a part of manufacturing clusters as many managers referred to the fact that “a lot of our work is referral.” Another manager, while talking about the potential of clusters, told me, “we’ve just established this new company and there’s three founding members. Two engineering companies, one being us as a fabricator, and one machining company.” One manager expressed that he “likes talking to share ideas with other business owners,” which relates to another manager reporting, “we have just basically gone with the flow and done what other companies are doing.” This proximity and communication relate to why a lot of firm managers don’t end up comprehensively addressing sustainability as one manager mentioned, “because some companies don’t think about sustainability, many other owners think ‘well if they don't care, then why should I?’” While many of these SMEs communicate with one another in the region, they are still insular to some regard as shown when a manager told me “managers gotta be in touch with what is going on in the world and your field ... SME managers are generally just happy in their box”.

Those firms that were interested in sustainability prospects often did not have high optimism in such strategies working or really contributing to the larger economy. This came through when one manager said:

Smaller companies rarely have a sustainability focus but there are probably a lot of opportunities and easy enough to adapt in a small company but our impact is a lot less than in a big company.

Surfacing out of the SME context of in which managers experienced resource distress and managerial overwhelm were a number of strategic sustainability tensions that managers had to face. Managers had different ways of approaching and handling these tensions, however, due to the SME context their responses to them were rather uniform and consisted of protectionist decision-making. The following section will delve deeper into the strategic sustainability tensions that managers experienced in the SME context.

4.6.2 Sustainability Tensions

Managers continuously face strategic tensions as the business context presents daily trade-off decisions that managers must make. Many of the tensions managers experienced a cause of or were amplified by the SME context of managerial overwhelm and resource distress, which manifested in strategic tensions. Increasingly, as sustainability pressures mount and knock at managers' firm doors, managers have to face sustainability tensions. Like all tensions, these are not cut and dry with a clear right and wrong answer, rather there is a pull from either end of the decision-making spectrum. Managers were able to clearly identify the classic triad tension between environment, social and profit; however, there were a number of other nuanced sustainability tensions that were not always so obvious to attribute as being related to the other dimensions of sustainability, yet they came up more often and were more difficult for managers to grapple with. There were four tensions ('1st Order' concepts) that emerged through this process of surfacing how decisions managers had to make and which ones they particularly struggled with. These concepts will be reported together in an integrated manner:

- Major tensions in sustainability: The classic triad of sustainability tensions (environment/society/economy) that managers identified.
- Personal versus firm agendas: The potential of a manager having a personal imperative to confront an environmental or social issue, however it conflicts with firms' strategies.

- “We are stuck in short-term needs” (short-term versus long-term thinking): One of the most common tensions of managers grappling with balancing the needs of short- and long-term goals.
- “Gotta think outside the box” (exploitation versus exploration): Managers continuously conducting business in the same manner in the name of efficiency, yet wanting to innovate.

The most recognisable sustainability tensions that arose for SME managers were the traditional triad between the environment, society and profit. While this tension is often the most recognisable, it certainly was not the most common for the SME managers interviewed, nor was it the most difficult or complex. From a more systems-level perspective, one manager pointed to how the current economic system has been set up in such a way to create these tensions:

The major tension we have between the obvious way we need to change business globally to protect the environment and to create social justice, the tension between that and the way we have set up capitalism is unresolved and that is the major issue we need to deal with.

However, most managers would agree with one manager’s feeling: “It’s like Maslow’s hierarchy of needs, when you’re struggling to survive at the bottom, you can’t afford yourself the opportunity to deal with broader picture issues”. Within this experience there was an underlying notion that “it all comes down to money unfortunately” and as another manager said, “profit always comes first”. This decision was quite simple to managers, as one expressed, “we can’t have an extremely high bill every month because we want to save electricity and the environment because ... then we will not be competitive again.” One manager broke it down when he said “you know the truth is, all of those other costs like social and environment are external to the business so there is no real incentive for managers to deal with them.”

Some managers felt that one could balance these tensions between the three sustainability dimensions. One manager, when asked whether he prioritised environmental, social or economic agendas in his firm, answered:

Look it will always be profit. But the two can go together as far as I am concerned. To sustain a business, the business needs to turn around the right amount of money but you can steer both in the same direction as far as I am concerned.

Other managers felt it was less about balancing these tensions, but rather embracing their differences and getting on with business. A manager of one of the larger and more successful firms spoke of how he would put attention in particular sustainability dimension needs when the cash flow and the business cycle was right for this:

It depends on your business cycle as well. Where is your business at that point in time? Are you matured enough to get them all three in balance or are you in survival mode? In survival mode, you just drive survival. And then at other times you may sacrifice profits a bit. And let's be honest, sometimes you need to damage even nature a bit.

A few managers genuinely expressed that businesses should be structured in different ways so that all three of the major dimensions of sustainability would be considered. One manager who clearly felt quite conflicted about his firm's lack of sustainability practice said, "You need the costs that are externalised from a business to be brought back into the cost structure ... The problem is the sustainability needs have not been getting the same airtime as the profit needs."

A few managers felt quite conflicted on a personal level with some of the operations of the firm; however, as one manager put it, "there is a moral responsibility one to the

environment and then one to the firm.” While there were some managers that felt conflicted, the majority of the managers felt quite confident that their personal values and goals were aligning with the firm’s as one manager said, “the goals that are expressed in strategies here in the organisation are usually my goals.” This manager also often noted his disagreement of firms’ unsustainable ways and made a comment in the previous section: “if I was totally ethical, I would have shut my last business down”. This indicates that there was a level of internal conflict within this manager that was expressed at times, however in this instance, he did not comment as much. There were other managers who brazenly stated to me when asked if their goals ever clashed with the firms, “No. That would never happen. Not here. We’re all on the line you know. We are all working towards one common goal.”

One of the most common and challenging strategic and sustainability tensions that managers brought up, which is highly relevant to SMEs fighting for survival, was managers’ feelings they “[were] stuck in short-term needs” or as another manager put it “long-term is really just a luxury” due to the context in which they were managing. When asked if they had set up a waste recycling system in order to get money back further down the line, a manager responded with:

Larger companies are able to think long-term like that ... SMEs like us think short-term because we cannot really take the time to do anything with our waste or the payback is not large enough for the effort ... so we just want to get rid of it.

In a similar vein, another manager, when telling me about how he dealt with short-term versus long-term goals, said: “I think the truth is that this tension is always reconciled in favour of the short term.” One manager spoke of the high turnover of CEOs and managers in the sector and the country by saying, “CEOs are transient in SA. So if I am a CEO building my career but I know that in four years time I am going to have to find another CEO position somewhere, I am going to seek short-term results”.

There were several other managers that recognised the prioritisation of short-term versus planning was a strategic dilemma. One manager openly admitted, “We only really look at short-term, but I know in reality it is the long-term goals that one should look at.” Another manager sombrely said, “There is one business that thinks long-term and then all the others just thinks about what they can make today. How they can make a quick buck without worrying about what they do with their chemicals.” Another manager connected the spatial aspects of his business to the temporal dimension when he said “it is easier to plan a business shorter term in its own physical environment. It is complex and ignorant. It is not just in our four walls. The world cannot think like that anymore.”

There were several managers who swore that they always took a long-term prospect, as one manager stated, “we never take short-cuts to get a quick gain or to get some brownie points of something”. Another manager of a larger more successful SME clearly stated, “It is made quite clear to all levels of staff that we must never consider short-term gains over the long-term.” Other managers saw the strategic benefit of long-term planning as a manager commented, “if you only plan short-term it will come back to bite you in the butt. Nothing is quick today.” One manager that had devoted strategic long-term perspectives in his planning processes stated:

Sometimes you need to sacrifice a bit of profit in the short-term for longer-term returns. For any, let's say, social investment or green investment or sustainability investment that you think of doing. So, it's a bit of sacrifice of profits maybe.

This same manager reported that sometimes they just had to do what they could to survive:

The long term is more strategic but sometimes you need to make tactical moves which are not 100% aligned to your long terms. But to get there, you need to deviate maybe for a short term for your strategy.

Another manager echoed this while stating “the point is we do things the way we do things and we are here for the long term ... so that is part of our management philosophy,” which aligned closely with another’s perspective of “you have to find a balance in your strategic approach, otherwise you will not stay in business.” One manager spoke of needing to have strategic oversight by balancing short-term and long-term thinking as essential in order to achieve this:

You gotta know what your short-term goals are so you can make enough money to pay for everything at the end of the month and then you need your long-term goals cause you gotta know where you wanna go.

Similar, another manager accepted that there will always be strategic trade-offs; however, one needs to strategise accordingly along the way:

There will always be trade-offs, it’s just the question of the managing them. You need to weigh up the moral responsibility against the financial responsibility, and then at the back of your mind, you need to remember I am standing at the helm and steering the ship.

One manager assumed a perspective when talking about the complexity of how managers operate and how businesses are set up to inherently consider short-term financial goals:

I think all industry is the same because people don't easily process the complexity of long-term problems. They deal in short time frames and so no one is going to defer their own short-term benefit in the hope that everyone else is going to do the same in the future. And that's the problem with all sustainability initiatives is that, unless you monetise it for the short term, people won't do it. And in the first case, monetising the environment has lots of problems involved in it.

Some managers expressed the need to “think outside the box” in order to achieve innovation and potentially sustainability perspectives. This was particularly difficult for many managers who, as already mentioned, were highly concerned with the efficiency and standardisation of their workflow processes. One manager expressed his experience of being rooted in his ways for so long, even though knowing he should have been exploring other options:

I suppose there are better ways of doing things out there. It's just sometimes we're used to what we've got and how we do things and you think that there isn't any better, until you give it a chance and you say 'wow, why did I wait so long?!

Another manager, when talking about the need to invest new technologies and try new workflow procedures, expressed that if you don't make sure to stay up to date you'll lose out:

I mean at the moment in a small company, we are more focused in cash flow until that tipping point in which you can invest enough money in new technologies ... Up to now we have done whatever we can to get new technology whenever it is available, but you will get to some point where you are left behind if you don't innovate.

This tension between the financial limitations and needing to stay up to date with new technologies was a persistent stress that managers expressed during the interview process. Finding ways to maintain the stability of their company whilst testing the boundaries of their business was a yearning for managers; however, persistent barriers disabled this innovation. Similar limitations were illustrated in how managers expressed their sustainability efforts. As the next section will explore, many of these expressions of sustainability behaviour could be seen as ‘coping’ mechanisms that assisted them in feeling as if they were providing environmental and social sustainability benefits. These were demonstrated as manager’s experiential reactions to the SME context and the sustainability tensions.

4.7 Sustainability Reactions

As discussed, manager’s experience in the SME context significantly shaped their sustainability sensemaking process. These experiences resulted in emotions of hopelessness, apprehension and resolve, which concluded manager’s experiential sustainability sensemaking process with reactive sustainability responses. These responses are termed as reactive, as they were not strategic or integrative strategies, but rather emotional and behavioural reactions. Managers discovered ways to display and express sustainability efforts both internally within the firm context and externally in their own lives.

The chapter will begin with outlining managers’ general perceptions of sustainability in relation to their firms and how these perceptions led to managers falling into hopelessness, which caused inaction in the firms. The following section will explore managers’ apprehensive ad-hoc sustainability reactions that managers framed as their way to maintain ‘best practice’ and mitigate risk. These reactions were expressed as sustainability ‘housekeeping’ efforts such as recycling and compliance, which made managers, feel as if they were making some efforts in an apprehensive and safe manner. Lastly, the section will explore managers’ tendency to resolve social and environmental concerns outside of the firm in their private lives. This proved to be a

‘coping’ mechanism for managers – allowing them to honour their responsibility to the firm's profit prioritisations while “giving back” in their own time.

The following sections will examine the following three themes:

- **Hopeless inaction:** Managers often felt they could not contribute environmentally or socially due to their lack of resources and feeling overwhelmed.
- **Apprehensive sustainability ‘housekeeping’:** Managers took sustainability ‘housekeeping’ measures in efforts to address environmental and social sustainability needs. These efforts often made managers feel better about what they were doing within the SME context and were framed as ‘best practice’ measures.
- **Resolve dilemma outside the firm:** Managers often resolved to express their sustainability cares outside of the firm in their private lives through giving to charity for example.

4.7.1 Hopeless Inaction

In order to understand manager’s experiential sustainability sensemaking process, I delved into discovering manager’s preconceptions of sustainability what sustainability meant to them in relation to their business.

For most of the managers, the concept of sustainability had little to do with the environment and society, but rather managers equated sustainability with maintaining their business over time through financial stability and growth. When managers were further probed to express their perception of sustainability in all three dimensions, economic, social and environment, they showed emotions of hopelessness. Managers were pessimistic in SME’s ability to contribute to environmental and social sustainability agendas or they simply did not see the connection between their business operations and potential sustainability value-adds. Managers’ hopelessness resulted in inaction, as they felt stagnated in their inability to do make a significant difference.

There were three concepts ('1st Order' concepts) that illustrate managers' hopelessness inaction encompassed in their sustainability reactions:

- **Sustainability in business:** Managers' preconceptions of sustainability in relation to their immediate business environment.
- **“Business is just like this”:** Managers' general cynicism and disillusionment of environmental and social sustainability in relation to their business.
- **“What can I do?”:** Managers expressing that they felt as if their business operations could not contribute to environmental and social well-being or them not seeing the connection between their business operations and sustainability prospects.

The majority of the managers, when asked what sustainability meant in relation to their business, had generally quite literal explanations and included responses like “our business today should be our business in a thousand years or infinity. That is sustainability to me” or “my business should go on forever and forever.” Many managers related sustainability to their firm's ability to not only last for an extended period of time, but also to keep growing. One manager excitedly spoke of the need to continuously grow, yet to also be open to changing and adapting your mission along the way: “if your company can continue to do business by growing and growing forever, forever, forever and forever over time, you just need be able to adapt and change your mission along the way.” This forward-looking and adaptive strategy related with another manager's sentiment of sustainability being the ability manage one's risks:

With sustainability you need to look forward, to ensure that what you do now or what risks we take will allow us to still be here in the future, so you don't take unnecessary risks and we are still here in five to ten years time.

Several managers also saw sustainability directly relating to the efficiency of their firm. One manager said, “sustainability is all about efficiency”. This relates to the earlier section in this chapter when managers spoke of ‘best practice’, which was a bridge for some managers that had a more comprehensive view of all the dimensions of sustainability in relation to their firms’ workflow, processes and procedures:

Sustainability in my business is a space where you apply environmentally or sustainable responsible processes to your existing processes. And a space where you can innovate and come up with new ways of doing things we have done the wrong way for many, many years.

Another manager with a particularly comprehensive view of what sustainability meant in relation to his business reported:

The business needs to be sustainable in itself in that, um, it is not run in a way that leads it into an operational dead end. So, uh, simple things like plant replacement for a start. But, in a broader sense, it needs to be sustainable within the communities in which we operate. It shouldn't, uh, consume excessive resources and produce a lot of waste and pollution, um, and so on.

As perhaps illustrated by this participants ‘umming’ and ‘uhing,’ this particularly manager, who ran one of the more successful firms, carried with him a high level of disillusionment of firms role in environmental and social sustainability. He later mentioned:

Nothing has really happened of any consequence, we are still emitting more and more and more, so I think it change will only happen when, to take a cynical view, when business sees it in their direct interest to protect markets and

sustaining operations ... we have tapped into such a fundamental human instinct of greed, it is difficult to take things away from people once they have gotten used to them.

This general cynicism and pessimism of businesses' role in the broader spectrum of the sustainability dimensions was a general theme amongst the managers. Another manager spoke of customers being the driver force and that "there is not any genuine or sincere effort to make business less harmful, but really a fear that customers will judge the business if not." This was re-enforced by another manager that boldly said, "Anyone that is doing something for the environment always has a hidden bloody agenda." This negative and pessimistic reality was, for some managers, just a part of doing business. One manager, when talking about a social initiative stated, "if you can turn a charity initiative into a publicity stunt then even better, haha." Another manager shared this sentiment that this was just a part of how the business world worked when he confided to me about an old business he ran, which had bad practices so he decided to sell it: "well maybe if I was totally ethical I would have shut the business down, but then I guess someone would have just filled the gap."

Another manager, when speaking about the current capitalistic world, simply stated:

We have fundamentally constructed our modern economy in a certain way ... You can green-wash all you like but most businesses are essentially extractive or they are producing consumer goods or they producing industrial goods to produce consumer goods.

This sentiment carried over into most SME managers asking themselves "what can I do?" and feeling like "we have a very little influence on the bigger circle". This feeling of not being able to contribute to any kind of sustainable development or environmental and social dimensions left managers stagnated in their current state of operations. Another manager, when describing where he got his raw materials from,

displayed an expression of ‘this is just how it is’ when he said “I know where these things come from and I know it’s a big contributor to environmental problems, but you know, there’s nothing you can do about it”.

While many managers held this cynical view of this being just the current reality, another stumbling block was that many managers did not see the correlation between their business operations and potential environmental or social challenges and solutions. When I asked one manager if he thought sustainability initiatives could help his company he responded by saying:

I’m not sure how that could impact our company, but yeah obviously if a client approached me with a new project that involved that then I would go for it—we would change a lot of things. We always go with the demand.

While the manager does not see how sustainability could directly relate to his business success, he does demonstrate that if the customer demand saw a need for it, he would certainly follow this demand. Another manager who worked directly with metals was not able to draw any correlations between his business operations and environmental or social issues “Because the nature of our business, we work with steel and metal so environmental and social sustainability does not really affect us that much”.

One manager that had attempted a social initiative in his firm reported, “we had a social responsibility program that generated nothing for us from a business point of view, it was just a sunk cost so we just shut it down.” In this case, the manager was looking for particular value to benefit his firm in a certain period of time. As will be discussed in the following section, tensions often arise between the different time orientations of the three sustainability dimensions, such as social benefit and profit. This manager had expectations for the programme to deliver particular value in a particular time frame that was orientated to his concept of a good return which was the time dimension the manager was used to working in. Another manager, with both

a disillusionment but also a disconnect between how his operations were or could be impacting the environment or society reported:

You know, in our case there's not much we can else we can do? Except for keeping the place clean, you know. We do not do much to destroy the environment anyway you know what we use here has very little, we use very little water, very little electricity. Look the equipment we have is very modern right, so on the electricity side we use very little bit.

This theme of managers not believing there was a correlation between their business operations, the environment and society was common and led to inaction. Several managers shared a similar sentiment to the following manager who vehemently expressed:

Look it's not that we have done something against the environment/society, it is more around we have done everything we can up to a what the budget allows, that's more economic decision. We can only do this much.

This excerpt also touches on the sustainability tensions experienced by managers. In this particular case, the default of the manager is to fall back into financial decision-making criteria. The following section of this chapter will surface and unpack some of the sustainability tensions that arose during the interview process with the SME managers.

4.7.2 Apprehensive Sustainability ‘Housekeeping’

Managers did take ad-hoc strides within the firm to address social and environmental sustainability concern, however, these were apprehensive efforts that did not put the firms at risk. These efforts were framed by managers as ‘housekeeping’ or efficiency ‘best practice’ efforts to maintain a high standard of business operations (e.g. responsible disposal of waste) and to mitigate risks. Manager’s apprehensive sustainability ‘housekeeping’ sustainability reactions were not integrated strategies in the firm, but were rather add-ons or vices for managers to feel better about their business operations. Paramount in these apprehensive and safe efforts, were managers trying to make ‘things not as bad’ versus believing or attempting to add value to their business through environmental or social sustainability strategies.

The two responses (‘1st Order’ concepts) that emerged through this process of asking managers what they did to respond to environmental and social sustainability needs in the firm are covered in the following section. These concepts will be reported in an integrated manner:

- **“We have done our best with waste, etc.”:** Managers making the effort to reduce waste and recycle when they had the capacity.
- **Proper disposal:** Managers ensuring that they made sure to dispose of their hazardous materials in the correct manner.

Managers’ responses to environmental and social sustainability dimensions within their firms, for the most part, consisted of risk reduction or ‘not making things as bad’ through protectionist and control mechanistic strategies that did not add value to their business. Managers were already concerned with their firms already in a fragile state that they did not feel comfortable taking innovative – to them risky – sustainability investments just to “save the environment and put [the] firm at risk.” There was the exception of a few managers, usually of the bigger and more successful SMEs, that had taken value-added sustainability measures, such as installing rainwater harvesting tanks; however, the majority of the SMEs were either not in the position to do this or did not see the correlations between such efforts and business success.

Manager's apprehensive reactions to sustainability needs almost always manifested through their waste reduction efforts or proper disposal of chemicals. When managers were asked if and how they considered environmental or social sustainability concerns they typically stated, "the environmental work we do at this stage is basically recycling" or "our way of getting rid of oil is us being sustainable. Not just throwing everything in the rubbish dump." Both these quotes illustrate both managers apprehensive efforts, while also exemplifying managers equating proper waste disposal as being 'sustainable' – which is an expression of them making 'things less bad'.

These efforts were echoed by another manager who said, "we have drums on-site and all the shavings get put into separate drums so they can be sent to recycling or the guys can come collect them here." The latter example indicates the potential for job creation and a shared value proposition; however, the efforts are still externalised to another party in a non-integrative manner. Another manager told me about his sustainability efforts to get rid of his oils in a proper fashion: "we take our old oils and stuff to an engineering company because I know they have one of those oil bins so we get to dump it there for free." Once again, the key here for the manager was he was able to dump the oil for free with no concern, investment or potential risk involved. The sentiment of one manager represented many of the others when he said, "I think we have done our best with recycling and everything ... it doesn't make me feel good but we have don't what we can with utmost care." This surfaces managers' apprehensive efforts to make sure they have all their boxes ticked. However it also shows that managers are aware that their efforts are limited within their context. Similar so, another manager commented to me, that he found ways to justify his decision in the firm. While commenting on recent lay-offs he had to make to cut costs, he expressed, "you rationalise it and say it could be all of them if we don't do it eventually." As demonstrated, managers' sustainability-related decisions revolved around doing things the 'proper way', which helped appease their personal values and other beliefs.

Managers, when asked about social sustainability within the firm, had difficulty answering this question as they saw themselves doing their part by just providing jobs. One manager expressed this when answering, "social sustainability is a difficult

one. I think the fact that we can even pay our guys a 13th check and a decent wage is us doing our part.”

Many managers not feeling they had a large impact or saw the correlation between their business operations at sustainability challenges. With this in mind, the same manager reported that his way of dealing with this harsh reality was to be selective in who he did business with:

We can't use another stainless steel for our products, we can't use other gases, so what we can do is limited. I do worry that some of our products are going into unethical industries so I try to make sure we do not supply them and if we do supply them I really make sure we crank up the price.

Managers felt they only had the control to maintain best practice in the context of the four walls of their firm. This acceptance was illustrated by a manager tell me, “all you have control over is what happens in your own micro-environment ... And that you can control ... like let's make sure we keep the place that we were in clean.” Another manager resonated this statement when he stated, “the only way you can contribute to the environment is the area around you – you can stretch it as far as you want but it starts here. My environment does not start in the North Pole.” This emphasised managers' conceptualisation that the only effect they really could make was in their immediate environment and that their actions did not influence the wider system.

There were managers that resolved their dilemma of not being able to address social or environmental concerns within the firm by finding ways in their private lives. Some managers, usually of the bigger firms, did this in a conscious manner – fully accepting that they had to express their personal values outside of the firm – while other managers automatically resolved this by giving to charity for example, yet did not consciously make note that this was due to their inability to meet these personal needs in the firm. As was and will be discussed, this lack of acceptance may have been due to managers' identity being intertwined with the firms' identity so

acknowledging this would have been accepting that they were not honouring their own personal values and care for environmental and social concerns.

4.7.3 Resolve Dilemma Outside the Firm

Managers resolved their inability to address their personal values in the firm by finding coping mechanisms in their private lives outside the firm to express their personal concerns for environmental and social matters. There were two responses ('1st Order' concepts) that illustrated how managers resolved their sustainability dilemmas outside of the firm. These concepts will be reported together in an integrated manner:

- **“I can do more outside of the firm”**: Managers resolving to the fact that the firm was not the appropriate context to contribute to environmental or social sustainability needs so found ways to do so outside of the firm.
- **“You gotta give back at some point”**: Amidst the SME context of needing to focus purely on profit and survival, managers felt they needed to give back to society so found ways to do so outside of the business operations.

One manager, when asked about how they addressed sustainability agendas in the firm, stated “I really always thought that I could make more of an impact in the field outside of my firm”. Similarly, another manager related to this feeling of not being able to do much in the firm commented, “I’m okay with it as I put my energy in my private time into more meaningful things and so as a business there are only so many levers we can pull.” These managers had found emotional vices of resolve that allowed them to accept that their energy was better spent outside of the firm. These could also be classified as ‘coping mechanisms’ for managers that realised that this was the reality of doing business.

Managers finding ways to cope with these realities through charity work or similar initiatives was a common expression of sustainability efforts by managers. One manager said, “you gotta give back at some point” while another stated “we do regular payments to Boys' and Girls' Town and the fire brigade people.” The same

manager did, however, go on to say at a later point “If you give something back it can’t affect the company’s finances, so you know it’s not a permanent thing. It takes a little bit of effort but does not affect the payroll.” This quote is a clear representation of managers externalising their positive environmental or social efforts from the firm.

Some manager’s efforts were a result of their sense of business social responsibility. One manager held a somewhat patriarchal attitude while talking about an old man who he let collect the factory scraps:

So I said to him—no more cardboard for you until you get an old age pension. So I forced him to register and now he is getting it every month and now I am the best guy he ever met. So that’s my charity case.

Managers who responded rather than reacted to sustainability agendas in the hopes of adding value to the firm were few and far between. Some of the managers were aware that there could be other ways, such as one manager who said, “there are probably a lot of other ways companies can get involved with charities without just writing a check,” however there was a general cynicism and resolve amongst managers that they were doing the best they could within the SME context.

4.8 Findings Conclusion

The findings of this study, which examined twelve small-to medium-sized enterprise managers from the metals and manufacturing sector of the Western Cape, show that managers undergo a range of experiences during their sustainability sensemaking process. This study not only surfaces managers' cognitive sustainability sensemaking process, but also demonstrates how other experiential dimensions such as emotions strongly influence managers sustainability decisions. Managers each went through their own unique interpersonal sensemaking experience. However the study shows comparable emotions triggered, shaped and concluded managers’ sustainability decision-making processes in a similar fashion.

SME manager's experiential sensemaking process began with sustainability triggers that evoked internal (personal) and external (firm-related) factors such as manager's moral identity, their responsibility to the firm and external forces that influenced their sustainability decision-making. Accompanying these triggers were emotions of confident, pride and feeling pressures that amplified the sustainability triggers experienced by managers. As will be discussed, managers also experienced internal conflicts between sustainability triggers, which coupled with their emotions made it difficult for them to realise some of their personal beliefs were at odds with one another.

Sustainability triggers fed into manager's contextual experience in the SME environment of financial and human resource constraints. This led to managerial distress, and persistent overwhelm, in which managers were in a constant fragile state of fighting for survival and simultaneously working operationally (in the business) and strategically (on the business) – deterring them from integrating sustainability strategies into the firm. The SME context produced a number of sustainability tensions that managers had to deal with on a daily basis. These tensions rarely came in the form of the classical triad between environment-society-economy due to managers automatically prioritising profit due to their circumstances. Rather, sustainability tensions commonly surface in less recognisable forms as strategic dilemmas between managers planning short-term versus long-term or them exploiting their current business model versus exploring new ideas through innovation. Due to SME managers feeling distressed due to limited resources or overwhelmed because of their managerial load, they typically opted for short-term goals and played it safe by not exploring potentially risky innovative ideas.

Manager's experience of sustainability tensions in the SME context resulted in reactive sustainability decisions that were not strategically integrative. Manager's general disillusionment about their ability to positively contribute to social or environmental sustainability agendas led to emotional experiences of hopelessness, apprehension and resolve. As a result, manager's sustainability efforts were limited to 'housekeeping' or risk mitigation practices within the firm. Other managers resolved their dilemma of not being able to comprehensively consider environmental

and social matters in the firm by finding ways to do so in their private lives outside of the firm.

Woven throughout managers' experiential sustainability sensemaking processes were internal tensions of which managers were either not conscious or accepting. Embedded within the managers' experience of sustainability triggers was an unconscious internal tension between managers' confident moral identity to "do things right" by honouring their value and their responsible manager-owner pride to ensure the business was a profitable success so they could leave a legacy. On the one hand, managers' moral identity was constructed by their care for environmental and social matters, while on the other hand managers were strongly motivated by profits in order to ensure the success of the firm. Similarly so, managers often stated that their personal values and goals directly aligned with those implemented in the firm because "they called the shots" which gave them a strong feeling of decision-making power. Nevertheless, inconsistencies surfaced between what managers said drove them and what occurred "on the ground." While managers had a strong sense of personal values driving their decisions, there was equally a strong sense of responsibility to the firm as manager-owners resulting in decisions that comprised their values and caused them to translate their social and environmental efforts to outside of the firm.

CHAPTER 5: DISCUSSION AND CONCLUSIVE REMARKS

5.1 Chapter Introduction

The following chapter will further explore this study's findings by comparing them to the literature and discussing their implications in how they improve or change the field. After that there will be an evaluation of the study, outlining its limitations and justifying the research approach. The chapter will close with conclusive remarks that include recommendations for future research and practice.

5.2 Summary of Findings

The primary research question (RQ) this study sought to solve was: How is the sustainability decision-making of SME managers influenced by their experience of strategic sustainability tensions?

The findings surfaced a range of highly individualised ways and interpersonal processes in how managers experience sustainability tensions. Manager's sustainability decisions were relatively uniform due to their experiential sustainability sensemaking process of triggering, shaping and concluding (Maitlis et al., 2013) being largely influenced by the small to medium-sized enterprise context causing feelings of resource distress and managerial overwhelm. By the end of manager's experiential sustainability sensemaking process, they were overcome with emotions of hopelessness, apprehension and resolve that resulted in non-strategic instinctual sustainability reactions to ensure the firms' financial survival and legacy.

The closest form of strategic environmental and social sustainability implementation practices was managers' devotion to maintaining 'best practice', which resulted in managers adopting environmental and health and safety standards. While managers framed these efforts as maintaining 'best practice' they also saw the financial risks of not complying with legal regulations or addressing the market demands, either of

which could result in fines or losing clients. All of these policies were framed as risk-mitigation decisions versus attempts to add value through environmental and social sustainability strategies. These decisions were not integrated strategies but rather add-on reactions to external stimuli in order to keep the firm afloat through shoring up profits.

As discussed, most managers were not aware or accepting that their environmental and social sustainability concerns were not being addressed in their firm. One potential reason for this was that SME managers' firms were often an embodiment of themselves. With this, acknowledging that the firm was not fully representing their personal belief system was a difficult fact to accept. Coupled with this was a mix of strong emotions that managers experienced within the SME context. These emotions made it difficult for managers to discern between what emotions (e.g. pride) were driving certain decisions (e.g. responsibility to the firms' success), and much more gain strategic perspective. Interestingly, if we look to the larger and more successful firms in the study that were led by well-educated managers with more human, financial and technological resources, they reported a level of acceptance that, as a part of business, one could not always balance personal values with responsibility for the firm. This was because they believed sustainability agendas were often at odds with corporate interests. These managers' firms interestingly tended to have higher levels of innovation and more sustainability strategies integrated into their operations.

The small to medium-sized enterprises (SMEs) context proved an important factor in both disabling and enabling sustainability practices, with the disabling factors outweighing the enablers. The findings showed that most SMEs lack human, financial and technological resources. These circumstances stunted their ability to excel, innovate or comprehensively integrate sustainability as they were in a constant fragile state of survival, which led them to prioritise profit. If sufficiently supported, potential enabling factors that would assist SMEs to integrate sustainability strategies into their firms include managers' personal responsibility for environmental and social issues, which could be leveraged by managers' high-degree of decision-making control and ability to make decisions quickly in an incremental innovation fashion. Managers were, however, operating in an SME context in which they were constantly

putting out fires and fighting for survival, which kept them locked into their business-as-usual practices of maximising profits wherever they could.

The SME managers in this study had a simple literal understanding of sustainability in relation to their business. For most, sustainability conjured concepts of continuously growing into the unforeseeable future and maximising profits along the way. When managers were probed to express how all three dimensions of sustainability – economic, social, environmental – related to their business, most were pessimistic. They struggled with how social and particularly environmental sustainability goals could be brought into corporate society without negatively impacting profits. Coupled with this was most managers felt hopeless that their “little” firm could significantly contribute to the environmental services or societal wellbeing, or they did not see the connection between their business operations and sustainability concerns. As discussed, SME managers believed the most they could do in the firm to ‘help’ the environment and society were apprehensive sustainability ‘housekeeping’ practices such as recycling, disposing of waste properly and providing people with jobs. Managers framed these efforts as their way of making ‘things less bad’ versus making ‘things better’ – or adding (long-term) value.

5.3 Comparative analysis of the literature

The findings of this study support existing theory and also contribute novel themes to the literature. The three primary ways in which this study contributes to the existing literary: it unearths and legitimises the range of inner experiences and tensions that influence SME managers’ sustainability sensemaking processes; it surfaces the internal tensions that managers, often unconsciously, experience when making sustainability decisions; and, lastly, it expands the field of managerial corporate sustainability tensions into the small to medium-sized enterprise space.

Manager's experiential sustainability sensemaking process is not a linear or uniform process, but rather it is an extremely interpersonal journey in which managers go through their unique array of experiences – some of which are highly cognitive and conscious, while others are deeper less conscious experiences such as emotions. Managers are simultaneously embedded within their own SME context, which in

many respects share similarities, yet when coupled with each manager's subjective perspective there is a multitude of possible factors that influence decision-making outcomes.

In tandem with existing literature, this section will more thoroughly explore three themes that I believe held the most significance in understanding manager's experiential sustainability sensemaking process. The section will begin by exploring the SME context, which was the constant factor in this study that continually proved to play a significant role in influencing managers' experiential sustainability sensemaking process. Emerging from the SME context were several sustainability tensions that managers had to face on a daily basis. While tensions, were not framed by managers as sustainability tensions, they were exemplary illustrations of how sustainability choices are embedded within everyday strategic tensions. We will then visit managers resulting sustainability decision-making willingness and ability, which was largely influenced by their experience of the aforementioned tensions and the SME context in which integrative sustainability strategies are difficult to achieve. Underlining and interwoven within the themes mentioned above of the SME context, the emerging sustainability tensions and managers subsequent sustainability decisions is the most interesting and potentially novel theme of this paper – the multi-dimensionality of managers' experience as they make sense of sustainability. Here we explore the interpersonal nature of managers' experiential sustainability sensemaking process and the full range of inner experience, including and exceeding the cognitive that surfaced as playing an important role in managers' sustainability decision-making process.

In recap, the following sections of comparing the findings to the literature will include:

- **The small to medium-sized enterprise context:** The environmental and social sustainability integration capabilities and capacity of SMEs that influence managers' ability and willingness to consider sustainability.
- **Sustainability tensions:** The emergent strategic sustainability tensions born out of the SME context with which managers dealt.
- **Sustainability decision-making:** SME managers' subsequent sustainability decision-making as a result of their experience tensions and the SME context.

- **The multi-dimensionality of experience:** Surfacing the range of experiences that come into play during managers' experiential sustainability sensemaking process.

5.3.1 The Small to Medium-Sized Enterprise Context

The research setting of this study was an important component that influenced the findings. Circumstances within the small to medium-sized enterprise context emerged as significantly influencing managers' experiences of sustainability tensions and their subsequent decision-making.

Firm size, which impacted the SME's extent of human, financial, and technological resources was an important determinant in firms' environmental and social sustainability orientation, which was validated by the three outliers in the study who were managers of larger SMEs that were more innovative and had more comprehensive environmental and social sustainability strategies.

Since the 1960s to the present, the size of a firm has been identified in the literature as an important factor to consider (Blau, 1970; Williamson, 1967 as cited in Hamann, et al., 2015) while studying the strategic and organisational characteristics of firms. Scholars such as Bianchi and Noci (1998) Baumann-Pauly, Wickert, and Spence (2013) and Berrone et al. (2010) suggest that firm size is a substantial factor in a firm's green strategy and environmental responsiveness (as cited in Hamann et al., 2015). Managers continuously compared themselves with larger firms' capacity to integrate sustainability strategies and the resulting larger impact of these initiatives as compared to their own smaller firms.

While SME managers indicated that their firms' impact was so insignificant that it did not matter what sustainability strides they took, the literature sits at odds with this and reports the immense impact that SMEs have on the world economy and environmental and social sustainability challenges (Parker et al., 2009; Schaper, 2002), as well as being key players towards sustainability development (Klewitz & Hansen, 2014a; United Nations Environment Programme, 2014). However, the managers' perceptions align with Hillary's (2000) argument that SME managers are

unaware of the environmental impacts of their firms. The question of *why* managers either believed their firms' impact was insignificant or why they were not aware of the collective footprint of SMEs is another question for further exploration.

The SME managers in the study consisted of a broad range of individuals who raised their past experiences and personal values that they stated had influenced their environmental and social sustainability beliefs. The collection of managers' past experiences and personal values did not filter down to any specific narrative or characteristic but were rather highly varied from manager to manager. In this respect, Parker, et al. (2009) highlight that while there are significant differences between larger firms and small- to medium-sized firms, SMEs themselves portray diversely differing characteristics between one another that considerably influence their business and environmental aspirations. Alongside the diversity of the industries that SME occupy, another key factor for these differences is the highly individualised environment of SMEs. Hamann, et al. (2015) report that managers have a high degree of decision-making control; similarly, Cordano et al. (2009) suggest managers' attitudes regarding environmental matters were essential in determining a firm's policies as managers were the ultimate decision-makers. Likewise, Hamann, et al. (2015) find that managers' environmental responsibility to be a key factor in determining firms' environmental responsiveness. However, as discussed, this study finds that there are often unconscious conflicting personal motives in managers between their personal values and sense of managerial responsibility that causes their personal values of environmental and social concerns not to be represented in the strategies of the firm.

While the previously cited sources on SMEs' environmental responsiveness align with corporate sustainability scholars such as Hemingway and MacLagan (2004), who argue personal values drive managers to incorporate sustainability practices in their firms, Bansal (2003) suggests there are often resources needed to achieve this that go beyond managers' prudent capacity (as cited in Hahn, et al., 2014b), which aligns with this study's findings. Above and beyond these theories, Bianchi and Noci (1998), and more recently Del Brío and Junquera (2003), state that there is limited research on SMEs, and scarce empirical evidence of understanding SMEs'

environmental strategies. And while there is an abundance of corporate sustainability literature, this analysis cannot be applied to the SME context (Hamann, et al., 2015).

Akin to the literature, the study showed that there are both barriers and opportunities influencing SMEs' ability to respond to environmental and social sustainability challenges. Nevertheless, the core findings from the study indicate that the barriers outweigh the opportunities, which the literature echoes as it tends, for the most part, to point out more of the barriers that disable SMEs to integrate sustainability rather than the opportunities. There was a cluster of barriers to sustainability integration that this study found fell under constrained human and financial resources.

In the study, managers regularly raised challenges related to their limitations of financial resources. They stated that this stunted their ability to try out new processes, take risks and invest in new technology or staff. The literature similarly suggests that limited financial resources result in SMEs' to prioritise short-term goals and limits their ability for radical innovation. Many managers reported feeling their firm was "under stress most of the time" and "always having to catch up". This led to a perpetual state of fragile survival, in which managers reported they felt disabled to innovate or consider sustainability prospects. The literature similarly suggests that SMEs are often in states of 'fire-fighting' efforts due to limited resources, limited knowledge and limited technical capabilities (Parker, et al., 2009). This leads them to focus on performance metrics over long-term strategies.

This study found that most SME managers lack professional managerial training due to many managers naturally working their way up the chain of command from the workroom floor to becoming managers or opening their firms. Coupled with this were managers reporting their need to straddle the line between working *on* versus working *in* the business. This, in turn, restricted their ability to advance their strategic managerial capacity on the job. As mentioned, several authors argue that SME managers are ignorant of the environmental impacts of their firms and are resistant to changing their practices due to cost, time and resources. SME managers have simultaneously been labelled as laggards, because of their reluctance to discuss matters that involve their environmental impact (Hillary, 2000), or as Revell, et al. (2008) point out, their tendency to turn a blind eye. This relates to a firm manager commenting that due to insufficient managerial training, many SME managers were

not able to benchmark their strategic decisions. On the other hand, the current study also found that managers were very willing to discuss matters involving their firms' environmental impact. Additionally, in contrast to the literature, those managers involved in UNEP's Eco-Innovation Pilot Programme were even willing to enrol in a programme to explore alternative sustainability business models. One must also be aware of the underlying assumption that limited professional managerial training is a disadvantage to managers' ability to respond to environmental or social sustainability needs, as they may have other less legitimised competencies such as experience in knowing all levels of the firm's operations that assist them in being competent managers.

The literature suggests that sustainability change initiatives aimed at SMEs or attempting to influence industry practice must consider and align these initiatives with the personal belief systems of individual managers (Cordano et al., 2009) as managers are seen as the internal locus of control among SMEs' strategic decision-making (Williams & Schaefer, 2013). With this in mind, several scholars recommend that further research must be completed to capture the multitude of dimensions that influence the sustainability decision-making of SME managers (Del Brío & Junquera, 2003; Parker, Redmond, & Simpson, 2009; Klewitz & Hansen, 2014; Hamann, Smith, Tashman, & Marshall, 2015). The following section will bring to the surface the primary sustainability tensions that emerged through the findings, explore how managers experienced these tensions, and how these relate to the literature.

5.3.2 Sustainability Tensions

The managers in the study raised various strategic dilemmas that they had to face on a daily basis that forced them to make 'trade-off' decisions in which they felt they had to choose one path or another. The literature points out that due to the rapidly changing and competitive marketplace today, firms are required to develop strategic agility in which they can strategise, yet pivot accordingly (Lewis, et al., 2014). The SME managers expressed that there were often unexpected changes in their business that required them to shift strategies often. While managers reported this, those changes that they made were relatively small operational shifts versus strategy

changes. This was a constant balance act for managers between maintaining the business practices they knew versus obeying the external demands of the market. Bertels, et al. (2016) point out that managers who sit at the interface between the internal context and external environment of their firm have to balance competing demands, which managers in the study, both consciously and unconsciously, dealt with daily while they balanced short-term versus long-term goals, their current business models versus innovation strategies, and their personal needs versus the firms' needs. These were the key sustainability tensions that managers experienced that went beyond the traditional dimensions of economic-environmental-social concerns, which raised a more complex set of strategic paradoxes for managers (Hahn, et al. 2014b).

The study found that, while the traditional triad of sustainability tensions between economic-environmental-social was the most recognised by managers, they were also the least common to materialise as tensions because managers easily dealt with these decisions by prioritising profit. Managers reported they prioritised profit for survival's sake as they were already in a fragile state in which they could not choose 'saving the environment' over being competitive. With this logic, managers separated these three dimensions of sustainability as not being complementary, which Hahn, et al. (2014b) point to as being typical resolution or separation strategies in which managers separate their understanding and efforts to address dimensions individually in an isolated way. There were the few rare managers who believed firms could balance these three interrelated yet opposing tensions to create value for all three; however, they were not able to exemplify this in the firm due to contextual resource restraints. This logic relates to Hahn et al.'s (2014b) acceptance strategy in which managers acknowledge tensions yet attempt to integrate strategies that address opposing tensions. As portrayed in the study's findings, this is often difficult to accomplish. One of the outlier managers within the sample that ran a successful firm had a view that it was not about balancing tensions, but rather about embracing their differences, and only when the organisation had the capacity and the business cycle was in the right timing could he test integrative strategies. While this manager's approach aligns most closely with acceptance strategies, it also includes characteristics of Hahn, et al.'s (2014b) suggestion of synthesis strategies in which managers develop alternative holistic governance structures that allow firms to

address tensions through new modes of operation. This approach embraces tensions through paradoxical leadership in which managers accept rather than deny contradictions (Smith & Tushman, 2005). Hahn, et al. (2014b) mention that this is only possible if firms equally address the triad of sustainability aspects: social-environmental-economic agendas. Turning to the cognitive frameworks of Hahn, et al. (2014a), which assist in understanding how information is received and then filtered through the cognitive norm of that particular manager, one can begin to understand how the participants of this study made sense of sustainability tensions through categorising concepts into schemas that aligned with their worldview. The majority of the managers in the study fell into Hahn, et al.'s (2014a) 'business-case' cognitive framework, which the authors describe as being based on an alignment logic in which managers attempt to eliminate tensions by focusing their attention on environmental and social matters that align with economic agendas. In this logic, individuals label sustainability choices as either positively or negatively influencing their business, which in the current study was the case for all managers who separated their efforts and thought out these choices as 'either-or' trade-off decisions, which typically resulted in ad-hoc sustainability initiatives.

The inability of managers to resolve economic-environmental-social sustainability tensions could likely have been a result of the context of the study. As discussed, many managers reported there was not much room for them to innovate sustainability strategies in the metals and manufacturing sector or they did not believe their industry had a directly negative environmental or social impact as compared to other industries. Hahn, et al. (2014b) suggest that the tendency to banner all sustainability tensions under the three dimensions of economic-environmental-social is dangerous, as it does not acknowledge that tensions occupy different levels, require different change processes and operate in conflicting temporal and spatial frames. Similarly, managers in the study recognised this triad as being the only sustainability tensions, rather than recognising their other strategic tensions were extensions of and evolved within these economic-environmental-social tensions.

Short-term versus long-term context tensions

Particularly prevalent and regularly experienced by participants in the study were sustainability tensions related to context, which are tensions that occur in both temporal and spatial contexts (Hahn, et al., 2014b). As discussed, the resource-constrained and scarcity-led contexts of SMEs often led to protectionist strategies in which managers needed to do in the given time what they could to stay afloat. The constantly changing environment of SMEs also led to managers struggling to plan more than a couple of months at a time. The literature suggests that most strategies of firms do not consider how their current behaviour will impact the future, which typically results in firms being dominated by short-term strategic goals (Slawinski & Bansal, 2012; Wade-Benzoni, 2002 as cited in as cited in Hahn, et al., 2014b). The study, on the other hand, indicates that managers were well aware of how their prioritisation of short-term goals was not sustainable and would negatively influence their long-term goals; however, they were so locked into their current practices, consistently busy putting out fires or struggling to pay monthly bills, that they often could not invest in long-term goals that would hamper short-term gains.

As seen through the study, temporal tensions existed between the same and different elements of sustainability (Hahn, et al., 2014b) in that managers struggled to see the long-term benefits of implementing a comprehensive waste recycling system, because as with many sustainable development aims, this would not pay off in the short-term (Held, 2001 as cited in Hahn, et al., 2014b), or perhaps would not pay off ever due to their small size and limited waste, thus creating a situation in which they had invested in infrastructure that would not give them a return. Hahn, et al. (2014b) suggest that there are often tensions within dimensions, such as short-term financial performance and long-term financial performance, which was most commonly the case for participants in this study or tensions between dimensions as exemplified above.

Hahn, et al. (2014b) also write of spatial context tensions, which are common today in a globalised free market world where many larger firms operate in both underdeveloped and developed regions, yet have significantly different social and environmental standards (Christmann, 2004). While the firms in the study were not large multinationals, they did express a spatial tension that, as discussed, involved their perceived greater impact on the environment and society as being minimal.

Many firm managers said they only had the capacity to care for – or as some said, ‘control’ – their immediate environment, which was their factory, and occasionally nearby natural resources. This, for the most part, involved ‘maintaining best practice’ through keeping their space ‘clean and tidy’ and not ‘causing harm’.

Business-as-usual versus innovation change and level tensions

Due to compounding reasons already discussed, including multi-resource constraints, SME managers struggled to try out new processes or take risks. Some managers described that they constantly did things differently; however, these initiatives were not strategic innovations, but rather reactions to changing circumstances that forced them to pivot for a short period before returning to their traditional governance and operational systems.

Isomorphism versus structural and technological tensions, as described by Hahn, et al. (2014b), occur at the interface between change and level dimensions of sustainability tensions. The authors suggest that the only way to achieve systemic, sustainable development is for firms, industries and entire economies to change their current business practices. Individual firm’s decisions play an essential role in this transition. However, the literature notes that firms are limited by institutional pressures (Hahn, et al., 2014b). While most managers said they did “what they wanted” and were not influenced by sector norms, there were those few that said they followed the pack and generally operated as other firms in their sector did. While those firms’ managers reported they did things differently, they were still locked into their current practices, which may have had some slight operational differences to other firms; however, in totality their business strategies and models were similar.

These tensions that managers experienced could also be categorised as efficiency versus resilience of socioeconomic system-level tensions, which most often exist between conflicting organisational agendas and the needs of the socio-ecological and economic systems. While efficiency has been an indicator of a strong market economy (Smith, 1776 as cited in Hahn, et al., 2014b), resilience needs to be equally considered. Efficiency is exemplified through firms’ standardising practices; however, if homogenisation occurs, then diversity and resilience decrease (Holling,

1973, as cited in Hahn, et al. 2014b). Conformity of practices can occur both at the sector and firm levels, and the tension between efficiency and resilience heightens in contexts of uncertainty. Hahn, et al. (2014b) note that socio-ecological and economic challenges present a great deal of ambiguity. In the SME context, there is also a high degree of uncertainty as managers explained that things change daily, positioning them in a highly reactive state, sensitive to external inputs.

Managers said that they had the personal desire to try out new processes out and think outside of the box, but at the same time prioritised ‘efficiency’ above all else as this led to better workflow, production and greater profits. This emphasis efficiency disabled managers from exploring new options and testing their boundaries. Nested within contextual pressures of SMEs, these difficult tensions to recognised can perhaps best be categorised as exploitation versus exploration tension (Andriopoulos & Lewis, 2010). Exploitation versus exploration tensions surface conflicting strategies of risk-taking versus efficiency, search versus refinement, and variance versus choice (Smith & Lewis, 2011). Managers in the sample generally succumbed to what they considered ‘safe’ exploitative strategies that tapped into their known competencies and through incremental innovation, which one manager called “continuous improvement” versus taking radical innovation risks (Andriopoulos & Lewis, 2010; Lewis, et al., 2014). The literature suggests the balancing of both exploitative and explorative tensions is necessary to create organisational ambidexterity⁴ The managers in the current study were aware of this need from a managerial perspective, but could not explore it due to firm constraints. This led managers to react to social, environmental and economic pressures in predictable and uniform ways.

⁴. Organisational ambidexterity is when an organisation excels at the exploitation of incremental innovation while also having the ability to explore different opportunities that may lead to radical innovation (Andriopoulos & Lewis, 2010).

Personal versus firm level tensions

As discussed, due to SME managers having a high degree of decision-making control in their firms, their attitudes towards environmental matters often determine the firms' environmental responsiveness (Mark Cordano, et al., 2009; Hamann, et al., 2015). The managers in the study would agree with the literature as they reported that they were the key decision-makers in the firm and therefore their personal values and goals aligned with the firms' goals. The findings of this study, however, raise a dissonance between what managers said were their personal beliefs and how this translated to strategies implemented on the ground. Managers, while discussing what shaped their sustainability decisions, pointed towards their past experiences and set of values; however, as illustrated by their actions, their sense of business responsibility to keep the enterprise afloat through prioritising profit outweighed their personal values. This implies that there were within managers' unconscious internal tensions of conflicting personal motives between their personal responsibility to their values and then their sense of responsibility to the business as managers and owners.

This tension between managers' and the firms' goals relates to Hahn, et al. (2014b) who point out that corporate sustainability is a multi-level concept, and the concerns for sustainability agendas are not always equal at different levels. The authors mention that individuals, firms, and industries all occupy different levels that may have varying needs or norms that do not align when considering particular issues such as varying sustainability concerns. In the case of the current study, the tension between managers' agency and organisational structure was seen through managers' motive to lead through their personal values being at odds and eventually trumped by the structural components of the firm (Barley & Tolbert, 1997 as cited in Hahn, et al., 2014b). One could alternatively argue that their sense of responsibility to the firm was equally as personal and embodied as their sense of personal values due to managers being the focal point of many SMEs. Scholars confirm that these tensions most often surface when individual-level factors, such as personal values, collide with organisational policies, structure and incentive systems (Bansal, 2003; Basu & Palazzo, 2008; Cordano & Frieze, 2000; Hemingway & Maclagan, 2004; Aguilera, Rupp, Williams, & Ganapathi, 2007; Bansal, 2003; Berrone & Gomez-Mejia, 2009; Pruess & Walker, 2011 as cited in Hahn, et al., 2014b).

As a caveat, there is a myriad of factors that may have caused managers' personal values to not align with the practices of the firm. One very well could have been the fact that the metals and manufacturing sector did not provide 'low-hanging fruit' for managers to easily make pro-sustainability decisions that aligned to their personal values system. In other industries, such as the wine industry, Hamann, et al. (2015) report managers' environmental responsibility often resulted in a firm's positive environmental responsiveness was a drastically different setting. The farm setting may have provided 'fertile' ground for sustainability decision-making due to manager's direct interaction with the environment every day, which could have made these tensions between economic and environmental visible as they had the first-hand experience of how their operations impacted the land. Furthermore, when examining environmental sustainability options in the metals and manufacturing sector, the infrastructural investments and needed technologies were reported by managers as being exorbitant, and thus not a reality in their already resource-constrained contexts. The points above, however, must be examined further to draw any conclusive understanding or theory.

The following section of this discussion, comparing the findings to the literature, will explore how managers responded to sustainability tensions.

5.3.2 Sustainability Decision-Making

The small to medium-sized enterprise environment is a highly individualised context with managers having a high degree of control and being the ultimate decision-makers. As discussed, embedded within this agency, however, were unconscious and unrecognised internal tensions that managers experienced. Several of these tensions revolved around what managers said versus what they did, which was a cause of internal struggles to balance personal values versus managerial responsibilities.

As discussed, while managers expressed highly individualised past experiences and personal values, which they reported influenced their decision-making in the firm, the majority of managers' sustainability decision-making responses were relatively uniform. There were compounding reasons for this, which rested heavily within the SME context of being resource-constrained and in constant fight or flight states that

led to managers reacting instinctually in order to survive. This tendency of managers to react instinctually in their decision-making process helps to explain why managers were often unaware of their internal conflict between their personal values versus their sense of responsibility to the firm, as their instincts prioritised the survival of the business first and foremost.

Coupled with this was managers' general perception of the role social and environmental sustainability played in the business place. Managers' cynical feelings about the business' capacity to improve environmental or social situations, aside from providing jobs, and their sentiment that their business did not have sustainability strategy options (which may have been a cause of their lack of innovative capacity) or that their initiatives would not make a difference in the larger scheme and therefore were futile, were a serious stumbling block and influencing factor in how managers responded to sustainability tensions. With this, the managers in the study tended to be sceptical of the business benefits of making environmental and sometimes social improvements, and therefore tended only to take comprehensive and integrated sustainability approaches if there was a clear reduction in business benefits (Hillary, 2000; Revell & Blackburn, 2007), which was extremely rare. The framing of these strategies for managers was rarely around business benefits but rather risk mitigation.

This introduces the first way in which managers typically displayed their environmental and societal sustainability efforts. This category of responses was internally expressed within the firm, yet extrinsically motivated by external stimuli or a sense of business responsibility that was shaped by sectorial norms for 'best practice'. With this consideration, managers tended only to integrate – or much less, consider – environmental and social sustainability practices into their firms due to their sense of managerial responsibility to maintain these ideals of 'best practice' through complying with policy to avoid regulatory fines or following the market by addressing clients' demands. These responses did, however, attend to environmental and societal needs, in that they forced managers to follow strict health and safety practices and other environmental and social regulations that business owners were mandated to follow. Additionally, managers indicated that clients were becoming far more particular with who they did business and wanted to know that firms had their policies 'in order'. With this reactionary lens, managers rarely saw the value that

such social or environmental policies could add to their firm, but rather saw these efforts only as a way to avoid harm. As one manager reported, “I do not want our business to be consciously negatively affecting the environment”, which shows that managers’ intention and actions were to ‘make things not as bad’ versus attempting to ‘make things better’.

The literature on SMEs’ sustainability orientation and environmental responsiveness indicates that most firms can be categorised into several taxonomies. These taxonomies typically range from firms being either reactive or responsive to being able to integrate sustainability policies comprehensively into their firms. The latter firms have innovative capabilities, which enable them to holistically integrate sustainability strategies in their firms through the realisation of the competitive advantage that they will achieve through investing in initiatives that will pay off in the long term (Parker, 2009). Similar to the more successful outliers of the current study, these firms discover pathways to incrementally innovate over time in order to achieve a market advantage (Klewitz & Hansen 2014). Parker (2009) notes that these ‘advantage-driven’ firms generally have managers that understand the integral link between business performance and environmental considerations.

The majority of the firms in the study, however, may be labelled by Klewicz and Hansen (2014) as ‘resistant’ in that they mostly ignore environmental and social concerns unless these are included in compliance measures. As discussed, the managers in the study generally only reacted to external stimuli such as regulations (Noci & Verganti 1999). These firms may also be categorised as ‘compliance-driven’ firms that purely focus on their survival in a competitive industry (Mir & Feitelson, 2007; Revell & Blackburn, 2007, as cited in Parker, 2009) in which they react to such regulations or customer demands (Mir, 2008, as cited in Parker, 2009; Aragon-Correa & Cordon-Pozo, 2005). Many of these firms’ sustainability initiatives comprised of *ad hoc*, add-on campaigns to reduce risk by creating a public image or appease stakeholders. This aligns with managers suggesting that there is always a ‘hidden agenda’ behind most firms’ social or environmental strategy to be perceived as a good brand that considers such matters and takes the necessary procedural steps to maintain ‘best practice.’ While the literature suggests these ‘compliant-driven’ SMEs have a low degree of business performance commitment, this study suggests that such firms

in the study were committed to business performance. However, this was framed in the short term through symptomatic solutions (Mebratu, 2001), which disabled their building long-term sustainability competencies and strategies.

Noci and Verganti (1999) note that firms that prioritise overarching sustainability goals over isolated financial goals tend to be driven by a moral duty to make environmental improvements guided by knowledge-gathering strategies that allow them to prioritise the full range of sustainability concerns. This study, however, illustrates that while managers felt a strong moral duty to not harm the environment or society, they did not have the capacity to prioritise environmental or social agendas, as the financial pressures were too great. Therefore, while the taxonomies created by authors to categorise SMEs' sustainability orientation are useful, for many firms, it is not so clear-cut. There are a number of contextual and internal factors from firm to firm that influence how such firm orientations or managers' attitudes are rolled out on the ground. As discussed, these could include conflicting interests between managers responsibility to their personal values versus their responsibility to their business' success. A more holistic assessment and understanding of SMEs' integration of sustainability strategies requires a finer tuned analysis of how managers are experiencing sustainability tensions internally, and perhaps unconsciously, and their experience in the context of their firms' needs. With this, Tilley (1999) stated that there is no single mechanical analysis or approach to knowing whether or not firms have the capacity or the willing to integrate sustainability strategies, but rather SMEs must be assessed and understood in a case-by-case manner to interrogate these crucial internal workings. These coupling factors of a diverse sector or SMEs and each manager experiencing their own sustainability sensemaking process while facing multi-dimensional sustainability tensions echoes Del Brío and Junquera, (2003), and Parker et al.'s (2009) claims that it is difficult to grasp exactly what leads to sustainability decision-making among SME firm managers.

5.3.3 Considering the Multi-Dimensionality of Experience

The multi-dimensionality of experiences managers faced while going through their experiential sustainability sensemaking process is of particular interest and requires further study to unearth the interplay between the variance of interpersonal nuances involved in the lived experience and contextual elements. As illustrated by managers' reports, each went through a subjective experience as they went through their sustainability sensemaking process; however, resulting sustainability decisions were often similar. This brings to the forefront the importance of the SME context in how managers experienced this process. The findings also demonstrate that managers shared particular emotions that triggered, shaped and concluded (Maitlis, et al., 2013) their experiential sustainability sensemaking process. This begs the question of whether the SME context was the instigating force for these emotional experiences. With this in mind, depending on circumstances, a manager's sensemaking process can be highly varied from not only individual to individual, but context-to-context. These findings also illustrate the influence of emotions in a manager's sensemaking process. Maitlis, et al. (2013) argue that emotions, which are transient feeling states, fuel individuals to engage in sensemaking process, and, moreover, particular emotions are more likely than others to provide this power. The authors borrow from (Weick, Sutcliffe & Obstfeld, 2005) in their definition of sensemaking beginning when individuals experience surprising or confusing events and then concludes with individuals developing retrospective accounts to rationalise what has happened in order to create a sense of order. As has been explored in Chapter 4 and will be further discussed in the following section, Maitlis, et al. (2013) suggest that emotions play an important role in the three stages of the sensemaking process, in which they translate Daft and Weick's (1984) three stages of sensemaking, scanning – interpreting – responding, into the aforementioned stages of triggering – shaping – concluding.

The literature suggests that SME managers have a high degree of decision-making control in their firms (Hamann, et al., 2015; Marshall, et al., 2005; Williams & Schaefer, 2013). Similarly, managers in the study reported that they felt in control of their firm as the ultimate decision-makers. Consequently, managers often remarked that their personal beliefs corresponded with the operations and goals of the firm. For example, managers confidently reported that their personal values were a major

proponent for what triggered their social and environmental decisions. Managers told stories of their youth and explained how this taught them how “to do things right”. This statement, however, holds within it two-dimensional levels and accompanying emotions. On the one hand, managers felt confident that, due to this strong moral identity, they would do things right in accordance with their personal values. However, on the other hand, as demonstrated in the findings, managers’ conceptualisation of doing things right often equated to their proud responsibility as manager-owners of the firm to maintain ‘best practice’. The latter entails a variety of dimensions that extend to the needs of the business that go above and beyond managers’ own personal values.

This raises an internal, often unaccepted or unconscious tensions between emotions of confidence and emotions of pride that the findings suggest managers experienced. In this triggering stage of the sensemaking process, Maitlis, et al. (2013) suggest that emotions mediate the relationship between unexpected events (sustainability pressures) and the beginning of the sensemaking process by providing the necessary energy to fuel this process. Managers, in this case, were experiencing two strong emotions that were competing for attention. Maitlis, et al. (2013) propose that individuals are more likely to embark on sensemaking processes when triggers lead to moderately intense emotions. However, in this case, due to two competing emotions, it is unclear if these strong emotions involving managers’ perception of self, energised the sensemaking process. Similarly, the authors suggest that individuals have a higher likelihood of engaging in sensemaking if a trigger may negatively impact their goals, and thus producing moderately intense negative emotions. In the case of the managers in the study, sustainability triggers and pressures pose a threat to their firms’ financial goals, which according to the authors would spark their sensemaking and produce negative emotions. However conflicting emotions of confidence in their values and managerial pride stunt this sensemaking process.

While the majority of managers stated that they would never compromise their personal values, they ultimately had to prioritise the financial aspects of the business over their ethical social or environmental inclinations. An important distinction here is that managers were not overtly prioritising financial agendas in exchange for environmental degradation or societal harm, but were rather seeing these as isolated

matters to deal with and were not actively investing in the latter agendas. As discussed, this was managers' way of expressing their internal sustainability efforts in ways that mitigated risk versus added value. If we move into Maitlis, et al.'s (2013) 'concluding' stage of the emotional sensemaking process, the authors note that particular emotions influence the plausibility of individuals' sensemaking accounts. The authors note that the sensemaking process ends when an individual has generated a satisfying account of the situation for themselves, and there is coherence between individuals' interpretation of an account, their felt emotion and actions. Weick's (1993, 1995 as cited in Maitlis, et al. 2013) remark that sensemaking is an iterative process in which individuals 'try on' accounts in order to make sense and conclude their sensemaking process. By the end of managers' sensemaking process, they had reached a level of hopelessness, apprehension and resolve. If one examines managers' emotional interpretations of sustainability pressures during their triggering and shaping stages of confidence, pride, distress and overwhelm and then examine their concluding decisions of inaction, housekeeping and expressing themselves outside firm, there is a lack of coherence, which explains managers often feeling unsettled.

If we translate these emotions of confidence and pride to sustainability tensions between a manager's personal agenda versus that of the firm, these internal dilemmas surpass the classical personal versus organisational tension. In the SME context, managers' identity was often an embodiment of the organisation, with their personal decisions shaping the firms' business strategy and model. The internal tension between managers reporting that their personal values drove their sustainability decisions versus what is seen through their implementation practices, which were guided by their sense of manager-owner responsibility, was for most managers an unconscious or unacknowledged phenomenon. Maitlis, et al.'s (2013) comment that during the shaping phase of the sensemaking process in which managers experienced sustainability tensions, emotions make the process far more interpersonal. Therefore, how managers shape their interpretation of a particular event or choice can be highly subjective and contextual to the environment in which they operate.

The scarcity-driven and rapidly changing decision-making contexts of SMEs in which managers are making 'do or die' choices on a daily basis led to – as one manager

expressed it – “intuitive-based decision-making”. This led managers to automatically leave their personal values at the door and prioritise the short-term financial needs of the firm. Institutional theorist, Selznick (1994, as cited in Nilsson, 2013) explains this as ‘reasonable’ while noting that the manner in which individuals experience the everydayness of their lives significantly influences their behaviour. Therefore, although managers had the cognitive ‘knowledge’ or ‘belief’ that they were making decisions based on their righteous personal beliefs, when it came down to the ‘everydayness’ of operating in the resource-constrained SME context, other dimensions of their other experiences outweighed their original intentions, resulting in particular behaviours that unconsciously, even under reflection during the interview process, undermined their personal values. Interestingly, as mentioned, those managers that were able to name their internal tension between their responsibility to their own personal values versus their responsibility as business managers, embraced the fact that sometimes one had to undermine one or the other for periods of time. As these managers generally came from the larger, more successful firms they may have had both the time and the material resources to make these decisions in a more deliberate fashion.

It is important to note that from the eye of the beholder, due to the SME managers’ decisions, they appear to be purely profit-driven because, as Nilsson (2013) remarks, legitimacy is often only awarded to the behaviour that is evaluated and judged by their symbolic appropriateness and alignment with cultural norms and beliefs. Therefore, while SME managers may be judged by their observable actions, which evaluations are then strengthened by societal definitions and paradigms of corporate society being purely profit-driven, greedy or benefiting at the expense of society (Porter & Kramer, 2011), this does not cover the full range of sustainability and inner dimensions managers’ experience while going through their sustainability sensemaking process of scanning/triggering – interpreting/shaping – responding/concluding (Daft & Weick, 1984; Maitlis, 2013). If this symbolic conceptualisation of legitimacy, based on cognitive frameworks of norms, dominates our evaluation, then we will remain locked into this symptomatic understanding and analysis of managers’ decision-making.

The range of inner experiences managers go through that are not observable from the eye of the beholder will only be acknowledged, empathetically understood and legitimised if they are brought to the surface and shared. Nilsson (2013) remarks that if these internal and highly subjective experiences that are not easily observed remain invisible, then they cannot be socially evaluated and therefore taken into consideration as holding materiality while outsiders (including researchers and practitioners) attempt to understand managers' social and environmental sustainability decision-making. There is an imperative to fully grasp the range of tensions experienced by managers. If we are to nurture the 'positive' environmental and social sustainability intentions of managers so that they come to fruition and are implemented in the firm, we must surface and tend to both visible and invisible, and conscious and unconscious tensions that managers experience. This is not an easy feat as has already been discussed. There are various levels of tensions managers experience that range from internal tensions between their personal values versus managerial responsibilities, firm level constraints of mitigating risks versus exploring new innovative solutions, and sectorial tensions in which many SMEs are operating in unsupportive systems in which their supply chains are involved in unsustainable practices.

Through developing a deeper appreciation for the range of inner experiences that individuals are discouraged, or do not have the time to realise and express, there is the possibility to transition away from 'rational' models of analysis and evaluation that tend to create 'othering' circumstances of removing the observer away from the lived experience of other (Rathunde, 2001, as cited in Nilsson, 2013), which is a place of surface-level diagnosis. The former is with the assumption that there is utility in acknowledging the range of experiences, from the conscious cognitive to the emotional unconscious reactions that lead to particular behaviours. In line with this reasoning, Voronov and Vince (2012) argue that emotional and often unconscious processes heavily influence individuals' actions in organisations. This could lead us to believe that managers are under emotional stress in the resource constrained SME context, which leads them to the unconscious tendency to react to external stimuli and act against their intended morals. In response to the blend of the rational (business survival) and emotional (reactive and intuitive) responses of managers to prioritise financial needs over their predetermined values-based intentions, Lawrence and

Suddaby (2006) argue that such feelings become embedded as emotional investments which often have a stronger sway than cognitive reasoning in circumstances that force individuals to challenge their own predetermined mental models (as cited in Voronov & Vince, 2012). In this respect, managers have their cognitive business-case and personal moral based rationales, however, when they are triggered to react they fall into an emotional response that is not entirely a thought out rational cognitive response to override their values with profit aims. Nilsson and Paddock (2013) share the sentiment that there are a myriad of compounding factors in their emphasis on the importance of individuals' inner experiences, as these include the full range of experience beyond emotions to other dimensions that make up an individual's conscious and sub-conscious, such as intuitions, fears, hopes, memories and values.

While the aforementioned literature suggests surfacing and legitimising the range of inner experiences that individuals go through in a given situation, scholars also mention that there needs to be further exploration into the everyday experiences of individuals if we are to understand how and why change occurs (Butterfield, Borgen, Amundson & Erlebach 2010).

As brought up in the literature as well as in this study's findings, managers' sustainability decisions cannot be reduced to our cognitive frameworks of observable signals that are associated with managers' behaviour, as there is a myriad of other internal workings simultaneously occurring. These signals are recognised and named because they are forms we understand; however, they do not guarantee a particular intent or rigidity in decision-making thereafter. As discussed, this vantage point is particularly pertinent in the SME context with the high degree of managerial control and constantly changing environment. The 'key-man-risk' within which the SME context situates sustainability decision-making is one of unpredictability and a limitless number of subjective factors, situations and moments in time that may influence how managers experience tensions and ultimately make sustainability decisions in their firms.

5.4 Conclusive Remarks

5.4.1 Summary of Study

Due to competing strategic demands and limited resources, small to medium-sized enterprise (SME) managers struggle to comprehensively integrate sustainability practices into their firms' operations – while increasingly being targeted as significant contributors of unsustainable economic practices that compromise environmental services and societal wellbeing. Studies on why managers struggle to integrate sustainability strategies into their firms suggest managers face interrelated yet competing demands that surface a diversity of sustainability tensions that go beyond the traditional triad of economic, social and environmental agendas. The literature has primarily focused on the cognitive sensemaking processes of managers in larger corporations as they face sustainability tensions. However, there is a range of other dimensions, such as emotions involved in individual sensemaking processes that must be surfaced. The literature also notes that there is scarce empirical evidence into understanding what leads SME managers to make sustainability decisions. This study asked how the sustainability decision-making of SME managers is influenced by their experience of strategic sustainability tensions. This research question aimed to surface the full range of inner human experiences – conscious and unconscious – to managers during their sustainability sensemaking processes. The study's research setting of SMEs was a favourable context to explore the significance and range of inner experiences managers have during their sustainability sensemaking process because SME managers have a high degree of decision-making control in their firms and there lacks a thorough understanding of what leads SME managers towards pro-sustainability decision-making. The SME context simultaneously proved to be a fruitful setting to unearth other dimensions of sustainability tensions that go beyond the traditional triad of economic-environmental-social concerns that the study found managers often have the most difficult time grappling with. SME managers are at the interface of the interior of their firm and the external world and therefore have to deal with multiple tensions at once due to the different levels they occupy within the firm as operational and strategic managers and also outside of the firm as the face of the company. This creates highly dynamic and volatile circumstances for managers to strategise in.

I interviewed a broad group of 12 SME managers from the Metals and Manufacturing sector in the Western Cape. Each manager was interviewed twice, with approximately a one-year gap between each interview round. Through the application of the Gioia Methodology data-analysis process and the qualitative data-analysis software tool Atlas.ti, I developed a number of codes, concepts, themes and aggregate dimensions that emerged from the interview process.

The key finding of this study was that SME managers unconsciously or unacceptably experience internal sustainability tensions between their personal values and firm responsibilities as manager-owners, which are accompanied by strong competing emotions of confident moral identity and responsible manager-owner pride. Due to the SME context of constrained resources, managers instinctually prioritise managerial responsibilities in order to keep their firm afloat and maintain their pride through the continued legacy of their firm.

In totality, the study surfaced a variety of managerial sustainability tensions in their sensemaking processes. Managers, for the most part, perceived their social and environmental sustainability decisions to be a result of their past experiences and their high standard of personal morals. While this was the case, the majority of managers' sustainability decision-making responses were uniform, and may rather be termed as 'reactions'. Managers' sustainability decisions were often an intuitive reaction to their sense of managerial responsibility to their firms, which was heavily embodied in their identity due to managers being the locus of control in SMEs and their ever-present personal fight-or-flight state for survival. With this, any managerial sustainability decision-making was transmitted through their commitment to keeping the business afloat and to maintain 'best practice' by complying with environmental/social regulations and meeting client demands. Managers' internal firm reactions to sustainability needs were framed and exhibited as a way for them to mitigate risk through reducing harm. Managers rarely saw the value they could add to their firm through sustainability initiatives as the financial return was not clear to them nor did it operate in their prioritised short-term goal time-frames. A leading reason for this belief was that managers felt pessimistic about the business' role in adding environmental or social value – unless it was providing jobs, they did not believe a firm of their size could make a difference and lastly they often did not see

the connection between their business operations and environmental or social agendas. The findings also showed that SME context is a particularly difficult setting to integrate and much less consider sustainability due to limited human, financial and technological resources, which caused them to be in a constant state of survival with no time or energy to consider the long-term effects or to innovate. As a result, many managers externalised their personal environmental and social concerns outside of the firm into their private lives through charity work or related activities. While managers perceived that their goals aligned with those of the firm, this was only partially true as their personal efforts to express their values were externalised outside of the firm, while their responsibility to keeping their enterprise afloat was prioritised within the firm.

5.4.2 Implications of the Study

This study contributes to the literature in three primary ways. First, it provides credibility to the spectrum of internal experiences that play a part in a manager's sustainability sensemaking process. Second, my study surfaces the internal tensions that managers unconsciously grapple with while considering sustainability prospects. And third, it adds to the field of managerial corporate sustainability tensions into small to medium-sized enterprises.

By unearthing and legitimising the range of inner experiences and tensions that influence SME managers' sustainability sensemaking processes and decisions this study expands our understanding of what leads to positive and negative sustainability-decision-making in firms. It is important to recognise that, while SME managers experience sustainability tensions, they go through cognitive and other sensemaking experiences such as emotions that vary in significance. Most notable in this study were the internal emotional conflicts managers unknowingly or 'unacceptably' experienced during their experiential sustainability sensemaking process. This is an important implication for our understanding of sustainability decision-making because it shows that intuitive or instinctual processes unconsciously unfold and in turn influence individuals' behaviour. In the SME context, these often-rapid

instinctual reactions are common, as managers have to continuously think on their feet while putting out fires and fighting for survival.

These findings expand the field of managerial corporate sustainability tensions into the small to medium-sized enterprises. There is limited research on sustainability decision-making in SMEs, which is a problem due to their significant impact on the world economy and sustainability challenges, and their potential to be a lever towards sustainable development. Simultaneously, as mentioned, SMEs are highly individualised environments with strong contextual factors that surface a plethora of personal and strategic tensions that are important to delve into if researchers are to understand what evokes sustainability decision-making.

5.4.3 Evaluation of the Study

Given the nature of this inductive qualitative research study with myself as a participant-observer with one group of the sample and not with the other, there are limitations to note. While the 12 managers were considered a large, broad sample of SME managers from the Metals and Manufacturing sector, six of the managers participated in the United Nations Environment Programmes Eco-Innovation Pilot Programme, in which I worked as a service provider during the intervention. Therefore, while the two groups were considered as a large, broad and robust sample base, my direct involvement as a protagonist in the research setting may have influenced the intervention in participants' responses during the first interview session while the programme was operating. Coupled with this was the fact that the intervention programme had some major challenges, resulting in a large portion of the managers dropping out of the programme. Due to this poor sustainability intervention experience, when the second round of interviews took place, many of the managers were suspicious of any individual from the team contacting them and taking their time, which may have resulted in less authentic, honest and free-flowing dialogue that I aimed for. This was, however, mediated by ensuring the sample there was no longer any direct connection between the research and the Eco-innovation initiative. I also allowed the participants to vent their frustrations with the failed programme, which they had not yet been afforded the opportunity to do. This built a level of trust before

the interview officially began. The managers may also have become jaded with sustainability rhetoric due to this particularly bad experience with the programme, which in turn could have dramatically influenced their answers. These potentially significant differences between the two groups that were treated as a large sample were not examined as the study was not focused on the intervention, nor was there enough data to justify a comparative study between the two groups.

5.4.4 Recommendations for Future Research and Practical Implications

This research study prompts further examination into manager's experience of sustainability tensions in the small to medium-sized enterprise context and what kinds of experiences may lead to integrative sustainability decision-making in highly volatile SME environments. Given the highly individualised environment of SMEs, I suggest that a deeper examination of the interior states and inner experiences of managers would yield rewarding findings. As initially intended for this study, this would be a temporal study over time during an on-going sustainability intervention process in which managers are regularly interviewed. The benefit of managers being actively engaged in a sustainability intervention programme is that they will regularly be confronted with sustainability tensions and related decision-making. There is, however, utility, as this study illuminated in further unearthing of unfamiliar tensions that are embedded in the variety of sustainability dimensions. These tensions are often not as easily recognised as the traditional triad of sustainability tensions between economic-environmental-social concerns; however, in line with this study's aim to explore the full range of managers' sensemaking experiences which were found to hold materiality in their sustainability decision-making, there is also such a need to understand more about these 'everyday' strategic tensions that often do not receive the sustainability label that they deserve.

For sustainability practitioners and change-makers aiming to influence SME managers' strategic decision-making and firms' sustainability orientation, this field of research is valuable as it explores why, when and how managers make sustainability decisions in their firms. As discussed, the highly varied operations, governance structures and business strategies of SMEs make it difficult to have uniform

approaches in how to engage with these organisations. The constant factor in many SMEs is managers are the locus of control, with their subjective outlook playing a significant role in how decisions are made. Therefore, there is an opportunity for practitioners to pay closer attention to the determinant internal workings of managers. If practitioners bring the individual inner experiences of managers to the forefront, there is potential to shine a light on how to strategically tailor pathways that will lead to pro-sustainability decision-making. This could be achieved through sustainability intervention processes that user-focused; delving into the personal needs, aspirations and challenges of managers, and involves adaptive learning opportunities for both the practitioners and managers. These interventions must be designed in an emergent fashion that enables the key focus areas to surface through exploratory, participatory and dialogic processes. Too often, intervention processes are planned in a linear manner that does not allow for continuous learning and feedback loops that are required when dealing with ambiguous and complex intrapersonal dimensions. It is difficult for managers to undergo this journey alone. It is therefore important that this emergent process is facilitated by practitioners that can probe, observe and adapt in a way that pays respect to context of the firm and the manager's needs. As the materiality of managers' inner experiences is acknowledged and brought to the surface, practitioners may be able to cut the core of what opportunities and barriers are enabling and disabling managers from considering sustainability alternatives.

With this, practitioners will gain further knowledge into the full spectrum of the lived human experience and how this influences behaviour. Practitioners may leverage certain positive experiences that managers may have during their emotional sustainability sensemaking experience through orchestrating opportunities that allow managers to experiment outside of their typical comfort zone. It must be noted, however, that it is may be difficult to sell this kind of experimentation in a key performance indicator (KPI) driven business environment in which budgets must fit particular timeframes. Nevertheless, in the SME space, in which managers have a high degree of decision-making control, there is increased opportunity for experimentation.

Furthermore, if managers' inner experiences are legitimated, shared, nurtured and spread, there is the opportunity to enable learning and knowledge development to

shape how other managers perceive their own experience of sustainability tensions and their decision-making. This could occur through creating communities of practice between SME managers in which they are collectively exploring sustainability prospects in a way that allows them to share lessons and learn from each other. From here, the practice of radical incrementalism that involves intervening in precisely targeted ways that stimulate small changes can become a common business practice, which is arguably needed in a rapidly changing world of ambiguity. This, in turn, can lead to both an individual and sectorial change of how sustainability decisions occur and firms are managed. The premise here is that if the collective power of SMEs is harnessed small changes can make a big difference to the sustainability challenges we face today. In totality, this study calls for a closer look at how we can productively harness the internal and external experiences of managers as they navigate through the ambiguity and complexity of strategising in an increasingly dynamic, competitive and interrelated socio-ecological-economic world.

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APPENDICES

Appendix A: PESTEL Tool Survey Results

What political or legal factors have the biggest impact on your businesses success?	
Labour laws (82%)	Environmental laws (9%)
Health and safety (0%)	Consumer laws (9%)
On a sliding scale from 1 (not likely) – 10 (most likely) do you believe economic factors, such as exchange rate, interest rate and economic growth will have an impact on your businesses success?	
<u>36%</u> rated the issue as a <u>ten</u>	Over <u>80%</u> of the ratings were <u>above a six</u> on the scale
What social factors have the biggest impact on your businesses success?	
Lack of skilled workers (45%)	Labour laws (36%)
Management issues (18%)	N/A (1%)
Do you believe the metals sector in South Africa is technologically competitive in the global market?	
Yes (45%)	Not sure (27%)
No (27%)	N/A (1%)
What environmental factors have the biggest impact on your businesses success?	
Raw materials (55%)	Water costs (0%)
Energy cost (36%)	Waste management (9%)

Appendix B: Eco-Innovation Implementation Process

From the “Eco-Innovation Manual” (O’Hare et al., 2014a)

PREPARE – is when the Service Provider identifies suitable sectors, markets and companies to target with their eco-innovation services and, having selected a company, builds a programme pitch based on their initial understanding of the sustainability challenges and opportunities facing the company.

SET STRATEGY – is when the Service Provider performs a preliminary assessment of how the company currently operates and then refines their understanding of the sustainability challenges and opportunities facing the company. This information is used to develop and pitch a new business strategy for the company.

SET BUSINESS MODEL – This phase begins with a detailed assessment of the sustainability performance of the company, covering all aspects of the current business model. From here, options for new business models are generated along with a range of operational-level innovations that could support the implementation of the business model. These business model options are evaluated and the best option selected to take forward.

BUILD ROADMAP – Having selected a new business model, a roadmap of operational level projects that support the business model is generated. The initial steps towards implementing the business model are defined by selecting and planning the first one or two practical projects.

IMPLEMENT – Is where the initial project ideas are put into practice and delivered. Flexibility is required to adapt to issues as they arise.

REVIEW– The final phase of the initial implementation cycle is to review the success of the first projects and update the business strategy and business model in light of what the company has learned. Plans for the next cycle of activity are generated, encouraging wider and deeper implementation of the eco-innovation approach. It should be noted that whilst the model and the manual suggest that progress in an eco-innovation implementation programme proceeds neatly from one phase to the next, it may sometimes be necessary to revisit a previous phase in light of changes,

developments and new information. This is true of any innovation process and should not be seen as a sign of failure. In fact, such setbacks will often lead to better results in the long term.

Appendix C: Interview Questions

First Round of Interviews

Group 1: *Managers participating in UNEP Eco-Innovation Pilot Programme*

1. When you hear the word sustainability, what does that mean to you?
2. And what about sustainability in regards to environmental, social and economic?
3. When you hear the word eco-innovation, what does that mean to you?
4. Do you believe there is a difference between businesses as usual, perhaps as you currently are, and how a business would do with sustainability in mind?
5. Do you believe there is a trade off between addressing sustainability challenges and addressing profit needs?
6. What is your primary driver for considering sustainability in your strategy?
7. Why do you believe other firms consider incorporating sustainability into their businesses?
8. Do you believe your current business model is sustainable?
9. Do you believe it is easier or harder for SME's to integrate sustainability or innovation into their firm/strategy as compared to a large corporation?
10. Is it easier or harder for an SME to pivot/change?

Experiential Questions:

11. Can you remember a time when prioritised an environmental or social challenge and it effected your business performance? Do you remember what it felt like before during and after?
12. Can you remember a time that you comprised envs/social challenges to make more money? Do you remember what it felt like before during and after?

Experiential SWOT Questions in context of Intervention:

13. How would you like to experience this intervention programme?
14. Why are you participating?
15. (Internal) Strengths: What excites you about this intervention process?
16. (Internal) Weaknesses: What do you think is the primary thing your business will struggle with in the intervention?

17. (External) Opportunities: What are you most curious about with the intervention?
18. (External) Threats: Do you have any worries about the intervention process?

Group 2: Managers not participating in UNEP Eco-Innovation Pilot Programme

1. What does the concept of sustainability mean to you?
2. What does environmental and social sustainability mean to you?
3. Do you believe there is a difference between doing business-as-usual and a sustainability orientated business strategy?
 - a. Why/why not?
4. Why do you believe some firms incorporate sustainability into their strategy?
5. Do you believe there is a trade-off between addressing sustainability needs and addressing profit needs?
 - a. Why/why not?
6. Do you believe it is easier or harder for SME's to integrate sustainability into their firm/strategy?
 - a. Why/why not?
7. Do you find it hard to balance your short-term goals with your long-term goals?
 - a. Why/why not?
8. Can remember a time when you prioritised social or environmental needs over profit needs?
 - a. What was the outcome?
 - b. What did it feel like?
9. Can remember a time when you prioritised profit needs over social or environmental needs?
 - a. What was the outcome?
 - b. What did it feel like?
10. Have you ever gone through a major strategic change?
 - a. What was the outcome?
 - b. What was the hardest thing?

Note, the below were only asked when time allowed

(Internal) Strengths: What would you say you and your company are most passionate/care about the most?

(Internal) Weaknesses: What do you and your company struggle with the most?

(External) Opportunities: What are you most curious about pertaining to your strategy and business opportunities?

(External) Threats: What would you say are your biggest fears pertaining to your businesses success?

Second Round of interviews **Both groups were asked the same questions.*

General Questions

1. What has been some of your toughest strategic decisions/choices over the past several months?
2. What has been your primary driver for making strategic decisions over the past several months?
3. What does the concept of sustainability mean to you?
4. What does the concept of environmental, social and economic sustainability mean to you in relation to your business?
5. Can you think of the last time you had to consider any of the above sustainability needs when making strategic decisions?
 - a. Or had to balance envs / social / econ factors?
6. Do you think there is a trade-off between addressing environmental, social and economic needs within the context of managing your firm?
 - a. Can you tell me about this? When it has happened? How you made the decision?
7. Can you remember a time when you prioritised social or environmental needs over profit needs over the past several months?
 - a. Can you describe how you made the decision?
 - Any feelings/beliefs that helped you make your decision?
 - b. What was the outcome?
8. Can remember a time when you prioritised profit needs over social or environmental needs over the past several months?
 - a. Can you describe how you made the decision?
 - Any feelings/beliefs that helped you make your decision?
 - b. What was the outcome?

Tensions:

9. **Personal versus organisational sustainability agendas:** Have you experienced any instances when you wanted to confront an environmental or social issue but it conflicted with your firms' strategy/goals?
 - If yes, please tell me about this
10. **Corporate short-term versus long-term orientation:** Have you experienced any instances when your short-term financial objectives felt to conflict with longer term goals of environmental protection or social equality?
 - If yes, please tell me about this
11. **Isomorphism versus structural and technological change:** Have you experienced any instances when you have had a strategic idea or wanted to implement a sustainability initiative/strategy into your firm, **but** this clashed/or what have with the overall norms of your sector/what your customers wanted?
 - If yes, please tell me about this
12. **Efficiency versus resilience of socioeconomic systems:** Have you experienced any instances when you had to choose between efficient operations versus thinking outside of the box or doing things differently? Has this ever negatively affected your sector as a whole? i.e. you all operate similar so when things are going bad you all struggle?
 - If yes, please tell me about this

Experiential SWOT: (Can tailor SWOT to specific tension/initiative that came up in the interview e.g. "waste reduction" can be used instead of "sustainability" for question 13: "*Are there any things that excite you about the possibility of incorporating a waste reduction policy into your strategy?*")

13. (Internal) Strengths: Are there any things that excite you about the possibility of incorporating sustainability into your strategy?
14. (Internal) Weaknesses: What do you think is the primary thing your business would struggle with if it considered incorporating sustainability into your strategy?
15. (External) Opportunities: Are there anything you are most curious about sustainability OR when you imagine what it would be like incorporate sustainability strategies into your firm?

16. (External) Threats: Do you have any worries about what would happen if you incorporated sustainability into your firm?

Extra questions:

Intervention Managers:

What has the eco-innovation intervention been like for you thus far?

- Can you tell me some specific times during the programme that you:
 - Enjoyed?
 - Did not like?
 - Felt was easy?
 - Felt you struggled with?

Are you able to tell me about a time during this programme when you had to make a tough decision between your traditional strategy and a sustainability strategy?

- If so, can you describe the whole experience for me?
 - How you decided? What was the outcome?

In general, are there anything happening now for you during this Eco-Innovation intervention process that feels different to how you usually ran your firm?

Appendix D: Data Analysis Table Drafts

1. Personal Past Experiences	18
1. Personal Pride and Legacy	19
1. Personal Responsibility	29
1. Personal Values and Ethics	59
2. Do not want our business to be consciously negatively affecting the environment.	9
2. Maintaining 'Best Practice' and doing things right	45
2. Providing good safe jobs as business owner	30
3. Clients force us to change and customers care about brand	23
3. Regulatory compliance forced on managers	40
3. Sustainability business case to manage risks	35
4. SME managers and employees lack appropriate training	19
4. SME managers are the main driving force	61
4. SME managers get stuck on the floor everyday	18
5. SME lack of resources	16
5. SME peer influence	23
5. SMEs are fragile fighting for survival	25
5. SMEs easy to change (but also locked in)	22
6. Can't contribute much	16
6. Cynicism	22
6. Perception of sustainability (Literal sense)	14
7. TENSION: Efficiency VERSUS thinking outside of the box	23
7. TENSION: Personal VERSUS organisation	18
7. TENSION: Short-term versus long-term	57
7. TENSION_envs/social/economic_triad	44
7.1 Tension: Larger narrative	24
7.1 Tensions_Balance / Embrace	19
8. External firm responses to sustainability	14
8. Internal firm responses to sustainability	27

	1st Order Concepts	Definition	2nd Order Themes	Definition	Aggregate Dimension
1	Personal responsibility	Managers sense of personal responsibility (as firm owners) to their workers / environment	Managers personal pro environmental and social sustainability drivers	The personal drivers of managers that positively influence their concern of and willingness to consider the environmental and social dimensions of their firms' operations	Drivers for pro-sustainability decision-making
	Personal values and ethics	Managers personal morals / ethics and the concept of 'doing things right' as a motivating factor			
	Personal past experiences	Managers referring to their upbringing and how this shaped their environmental awareness/care			
	Personal pride and legacy	Managers wanting to maintain a personal and firm legacy so maintain pride by 'best practice' etc.			
2	Maintaining 'Best Practice' and doing things right	Managers striving for concept of 'best practice' in their operations workflow / safety / clean and their workshop procedures are	Managerial sense of business responsibility	Managers sense of business and societal responsibility as	

	Providing good safe jobs as business owner	Managers motivated to provide good jobs for their employees and the country (social sustainability)		business owners	
	Do not want our business to be consciously negatively affecting the environment	Managers not wanting to consciously negatively contribute to environmental degradation (not proactive)			
3	Regulatory compliance forced on managers	Legal frameworks forcing managers to comply with environmental and social regulations or at risk of getting fined or shut down (risk framing)	External pressures to integrate environmental and social sustainability	The external (extrinsic?) drivers influencing managers to willingness to address social and environmental dimensions	
	Clients force us to change and customers care about brand	Clients want to know firms are a reliable brand with good procedures before doing business with them.			
	Sustainability business case to manage risks	Economic, social and environmental challenges pressuring managers to protect business through sustainability strategies			
4	SME managers are the main driving force	Managers of SMEs are the key decision-makers and tend to fee environmental and societal responsibility	SME manager and employee capabilities	The influence and capabilities of SME managers and employees can affect the firms ability to integrate sustainability both positively or negative	SMEs sustainability integration capabilities and readiness
	SME managers get stuck on the floor everyday	SME managers are wrapped up in the day-to-day operations on the floor so they can't get strategic oversight			
	SME managers and employees lack sufficient	Lack of experienced managers (managerial skills) and staff (cannot			

	training	afford well-trained employees)			
5	SME peer influence	Regional SMEs tend to influence one another and work together/support each other through unions and clusters	SME strategic and sustainability capabilities	The size, resources and peer influence affects SMEs capacity to integrate sustainability into the firm both possibility and negatively	
	SMEs easy to change (but also locked in)	Due to the size and managerial control, SMEs can make strategic changes easily, however they are simultaneously locked into practices			
	SME lack of resources	SMEs don't have the resources to explore sustainability options (viability or feasibility)			
	SMEs are fragile fighting for survival	SMEs are continuously fighting for survival			
6	Sustainability in business	Managers perception of what sustainability is and what envs/social sustainability is	Managers perception of sustainability in business	Managers general perception of sustainability and how it relates to their business	Sustainability decision making experience and approach
	Business is just like this	General cynicism and disillusion of environmental and social sustainability in relation to their business			
	What can I do?	Managers either feeling as if they cannot do much or do not see connection between business operations and sustainability prospects			
7	Major tensions in sustainability	Tension between the three dimensions of sustainability: environment/social/economic	Manager's experience of and approach to sustainability tensions	The sustainability tensions that managers experience and	
	The goals of the firm are my	Tension to confront an environmental or social issue but			

	goals (Personal values versus firm)	conflicts with firms' strategy/goals		how they deal with them
	We are stuck in short-term needs (Short term versus long-term thinking)	Tensions b/t short term and long term strategising		
	Gotta think outside the box (Exploitation versus exploration)	Tension between doing things the same way as always / efficiently and doing them a new innovative way		
8	We have done our best with waste etc. (Internal firm responses to sustainability)	How businesses display/respond to sustainability concepts within their business - Typically focused on reducing harm versus adding value	Manager's expression to sustainability dimensions	The ways in which managers cope with, display and express sustainability efforts within their firm
	You gotta give back at some point (External firm responses to sustainability)	How businesses display/respond to sustainability concepts outside of their business		

Appendix E: Recommendations for Future Research

1. Examination of the agency, or lack thereof, of SME managers. The paradox in this is that while SME managers feel they have a high degree of decision-making control in their firms, they do not believe they have a larger impact in society, which in turn seems to limit their expression of agency in the very firms in which they feel they have a high degree of agency.

2. Further research on exactly what kinds of ‘real-time’ experiences of sustainability tensions lead to pro-sustainability decision-making. This builds on work that suggests there is a significant difference between how positive or negative emotional experiences influence individuals’ subsequent behaviour and decisions. While this study attempted to discover how particular experiences such as curiosity, fear, excitement and worries may lead to particular sustainability decision-making, no clear findings emerged.

3. The reality of socio-ecological sustainability strategies in sectors such as the metals and manufacturing sector. The findings relentlessly showed managers did not believe they had very many options for sustainability strategies. A service provider who was informally interviewed before the second round of interviews with the managers echoed this reality. Aside from risk reduction sustainability initiatives, the findings show there is a high technological and infrastructural investment needed by SMEs operating in such sectors that are already in resource-constrained environments. A comparative study between SME firms operating in various sectors would be a valid approach to exploring this question. For example, it would be interesting to find if there is a comparative difference between the sustainability ability and willingness of SMEs in the Agricultural versus Metals and Manufacturing sectors as one set of firms are working directly with the land while the other (if far removed) depends on land-based extractive industries

Appendix F: Full Circle Partners Business Model Snapshot:

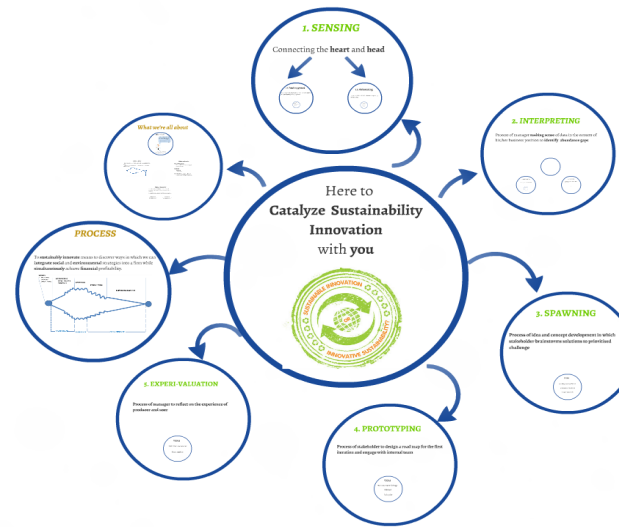
Sustainability Business Model Canvas: *The following canvas is inspired by the Business Model Canvas (Osterwalder, Pigneur & al. 2010), the Social Business Model Canvas (Social Innovation Lab, 2013) and the Green Business Model (Nordic Innovation Report, 2012* Bottom of Form

Key Partners + Stakeholders	Key Activities + Intervention Type	Value Proposition	Customer Relationships	Customer Segments
<p>Our primary partners are the key decision-makers in small-to-medium sized firms – such as managers and owners. These are the individuals we must work with and influence the most significantly in order to impact the sustainability decision-making processes in firms.</p> <p>While our primary aim is to influence firms’ key decision-makers, we acknowledge that change in an organization must be a bottom-up and top-down approach. Therefore, we work with sure organizational members are included in particular processes and ensure the approach communication material is disseminated.</p>	<p>Our key activities include research, workshops and monitoring and evaluation processes. These include:</p> <p>Prior to our engagements, we conduct research to understand the firms’ business model and to learn about the sector we are working in.</p> <p>Our engagements with firms include:</p> <ul style="list-style-type: none"> • I-on-I workshops with managers • Team coherence workshops • Trainings for managers and teams • Customized sustainability toolkits for firms. <p>In order to embed sustainability into</p>	<p>Customer value:</p> <p>As the pressure to comprehensively integrate sustainability strategies into firms increases, managers and owners are no longer sitting with the decision of whether or not to adopt sustainability strategies, but rather struggling to figure out where to begin.</p> <p>We design and facilitate processes for managers to connect to their personal aspirations and business purpose.</p> <p>Our facilitated process enables managers to productively harness strategic tensions to catalyze the integration of sustainability innovation into the firm – which allows them to reduce risk, gain a competitive advantage and run a fulfilling business venture.</p>	<p>Integral to our business model is to develop partnership relationships with our clients versus purely consultant client relationships.</p> <p>The firms that we work with expect us to be fully committed to walk the sustainability intervention journey with them in a way that embeds sustainability into the firm versus simply meeting standards.</p>	<p>Beneficiary:</p> <ul style="list-style-type: none"> • Society at large is the primary beneficiary of our service as we encourage businesses that impact global environmental, societal and economic agendas to operate in a more sustainable manner. <p>Customer:</p> <ul style="list-style-type: none"> • Our core customers are managers with whom we are directly engaging with that wish to gain a competitive advantage and embed sustainability into their firms.

<p>On a broader level, other key stakeholders include other sectors of society such as government (to ensure our suggestions will be complimentary to policy) and academia (to keep our practice updated with theory and to validate our approach in credible research).</p>	<p>firms, we facilitate monitoring and evaluating processes that allow for an emergent practice of probing, observing learning and adapting</p>	<p>Societal & Environmental value:</p> <ul style="list-style-type: none"> As the private sector is a major contributor to sustainability challenges today, our service offering provides societal and environmental value by assisting firms to transition. 		
	<p>Key Resources</p> <p>The key resources for our business model include intellectual knowledge and strong networks with the businesses that we engage with in order to create a community of practice and to get referred.</p>		<p>Channels</p> <p>We reach our customers through in-person interactions, which stem from being recommended by other client customers. We believe in consistent and clear communication channels that are achieved through interpersonal personalized communication strategies.</p>	
<p>Cost Structure</p> <p>Our business involves relatively low overheads that include engagement materials and the time involved in engagement preparation, execution and intensive retrospective activities to continually improve our processes and ensure our approach is customized to the partner/client we are working with.</p>		<p>Revenue Streams</p> <p>Our customers pay for a facilitated journey to integrate sustainability into their firms. The percentage breakdown of what an average customer pays for is as follows:</p> <ul style="list-style-type: none"> 30% for research prior to the engagement 50% direct engagement i.e. workshops etc. 20% follow-up monitoring and evaluating. 		

Full Circle Partners Process Model: Below is a snapshot presentation of Full Circle Partners and a workshop design example that we facilitate with managers during the early stages of a sustainability intervention process

Full Circle



DISCLAIMER
The information and the content
of this presentation is
not intended to be used
as a basis for any
investment decision.

Here to
**Catalyze Sustainability
Innovation**
with you



Pr
sta
ch

What we're all about

Why we do this

"I've heard that 'sustainability' might help my firm become more competitive."

...but I just don't know where to begin!"

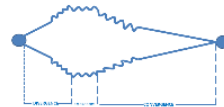


This is ASHLEY, the manager of a manufacturing SME in Cape Town

How we do this

- Design and facilitate a journey for managers to connect to his/her personal aspirations & business purpose

- Proactively harness managerial tensions in order to catalyse the integration of sustainability innovation into the firm



What exactly we do?

We run WORKSHOPS:

- 1-on-1 interventions with managers
- Team coherence

We TRAIN:

- Managers
- Entire teams

We CUSTOMISE company toolkits for:

- Sustainability Innovation Capabilities

Who are these guys?

Process designers and facilitators of strategic managerial transformation and capacity building towards sustainability innovation.

We count what can be counted & count what cannot be counted.

Nikhil Rautea
"the stuff you can see"

Sean Andrew
"the stuff you cannot see"

Why we do this

"I've heard that "sustainability"
might help my firm become more
competitive .

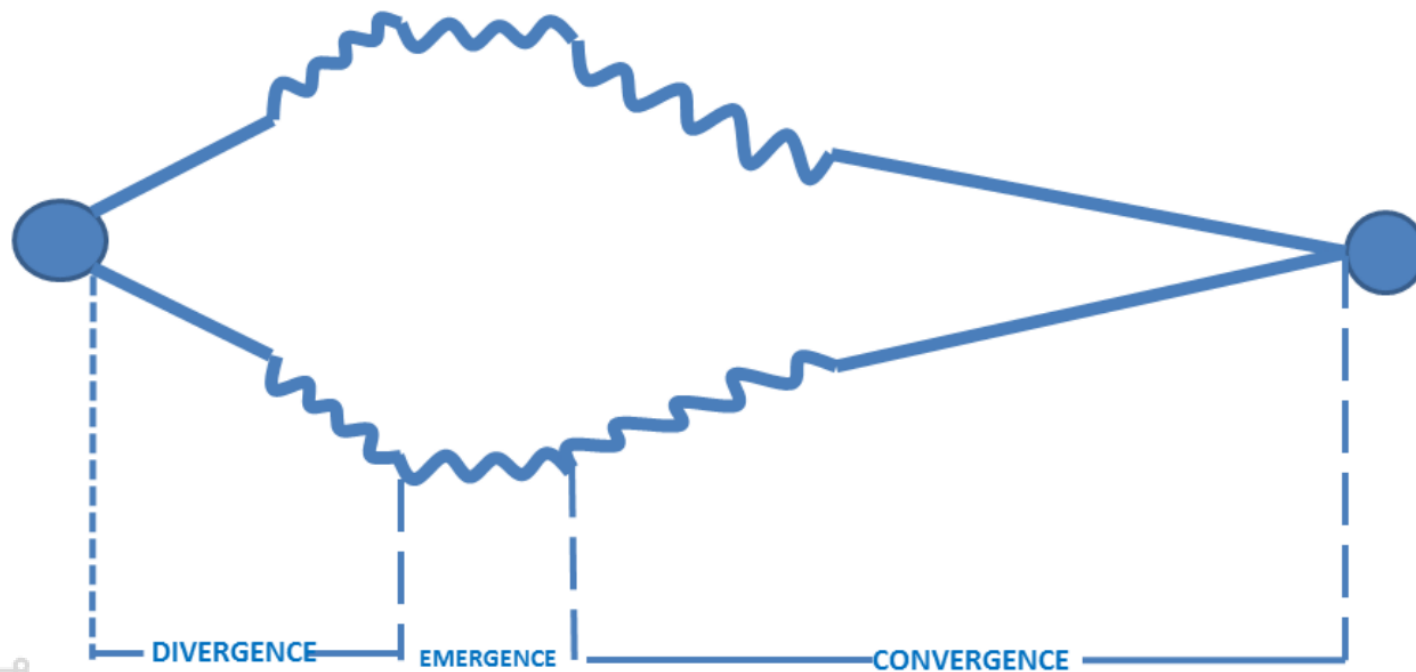
...but I just don't know where to
begin"



This is ASHLEY, the manager of a
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How we do this

- **Design** and **facilitate** a journey for managers to connect to his/her **personal aspirations** & **business purpose**.
- Productively harness **managerial tensions** in order to catalyse the integration of sustainability innovation into the firm.



What exactly we do?

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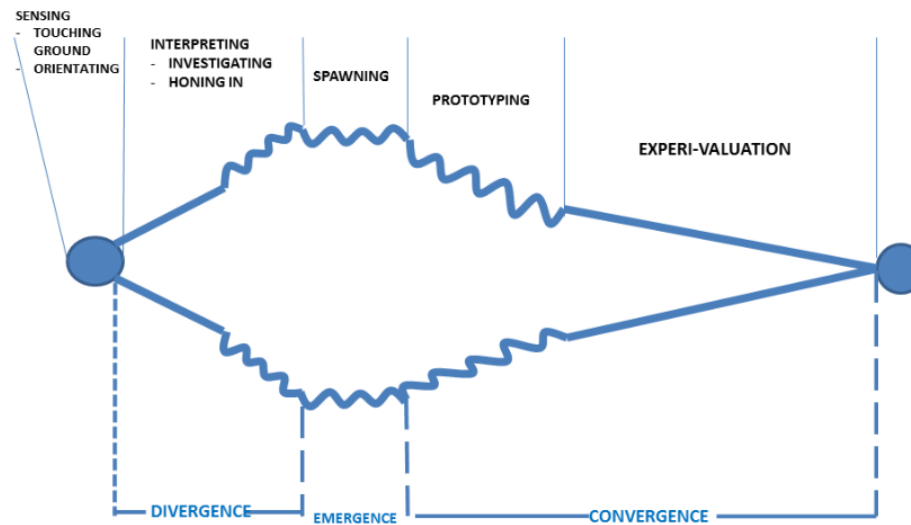
"the stuff you can see"

Sean Andrew

"the stuff you cannot see"

PROCESS

To **sustainably innovate** means to discover ways in which we can **integrate social** and **environmental** strategies into a firm while **simultaneously** achieve **financial** profitability.



1. SENSING

Connecting the **heart** and **head**



1.1. Touching ground

Process in which stakeholder gets in touch with **why** he/she participating in the programme.



1.2. Orientating

Process in which stakeholder **observes** ecosystem by collecting **data**.



1.1. Touching ground

Process in which **stakeholder** gets in touch with **why** he/she **participating** in the programme.

TOOLS

- Stakeholder interview**
 - What are you trying to change or create?
 - How will you assess the success?
 - What barriers do you believe will prevent success?
- Self-inquiry free writing**
 - Prompting questions

TOOLS

Stakeholder Interview

- What are you trying to change or create?
- How will you assess the success?
- What barriers do you believe will prevent success?

Self-inquiry free writing

- Prompting questions

1.2. Orientating

Process in which stakeholder **observes** ecosystem by collecting **data**

TOOLS

Micro- Shared Value Canvas

Meso- Stakeholder mapping

Macro- PESTEL

TOOLS

Micro- Shared Value Canvas

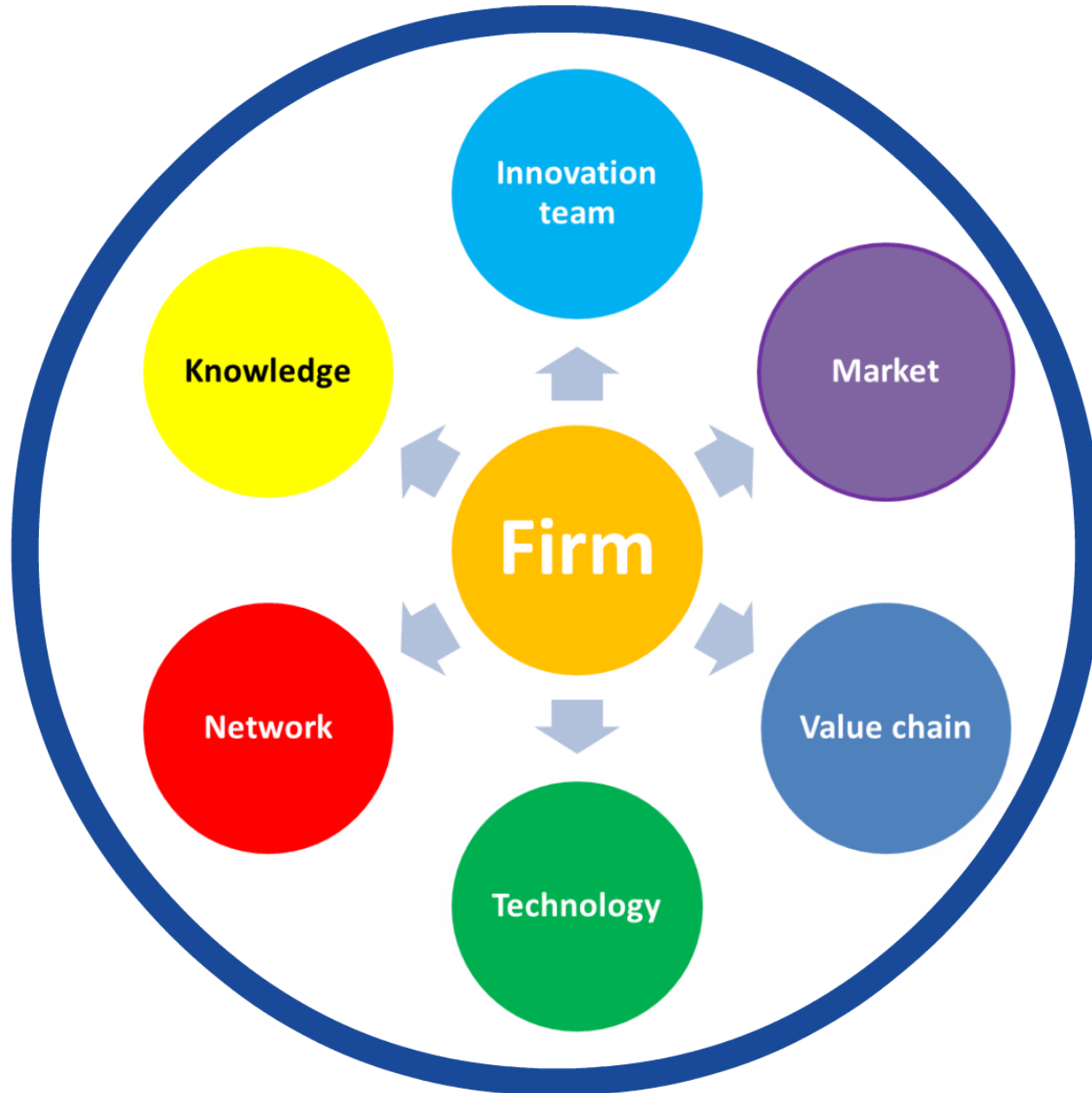
Meso- Stakeholder mapping

Macro- PESTEL

2. INTERPRETING

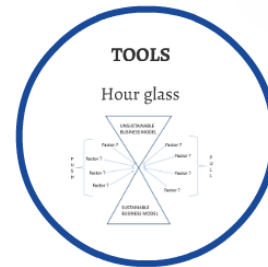
Process of manager **making sense** of data in the context of his/her business position to **identify abundance gaps**





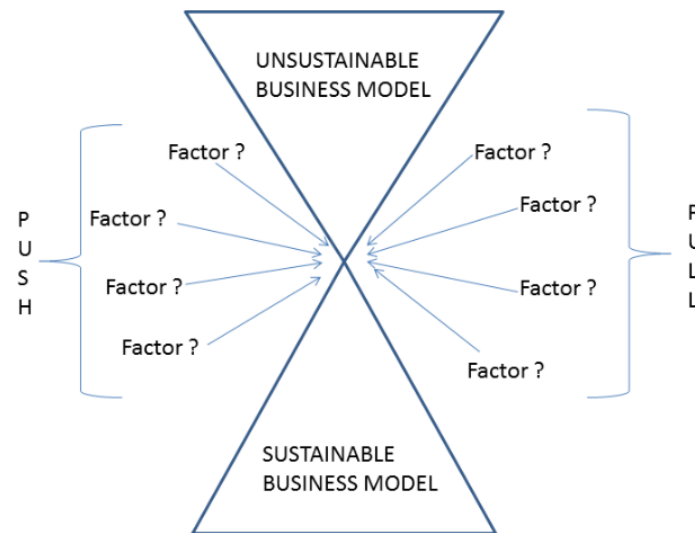
2.2. HONING IN

Determine what factors to **respond** to through prioritisation



TOOLS

Hour glass



3. SPAWNING

Process of idea and concept development in which stakeholder brainstorms solutions to prioritised challenge

TOOLS

Gamifying sustainability risk

9 Windows of the World

People Planet Profit

TOOLS

Gamifying sustainability risk

9 Windows of the World

People Planet Profit

4. PROTOTYPING

Process of stakeholder to design a road map for the first iteration and engage with internal team

TOOLS

Human centered design

d.School

Role play

5. EXPERI-VALUATION

Process of manager to reflect on the experience of
producer and user

TOOLS

Reflective assessment

Case studies

TOOLS

Reflective assessment

Case studies

Full Circle

