Sustainable Strategy and Related Performance Management in Small Firms: A Belgian Case Study

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Abstract

The concepts of Sustainable Development and of Corporate Social Responsibility (CSR) are more and more famous and generally-accepted in the literature and in the Society in general. Nevertheless, due to a predominant large-scale corporation orientation, there is limited scientific research on CSR in small businesses while these firms are crucial actors in the world economy (Jenkins, 2006; Del Baldo, 2010). In parallel to that, some recent research demonstrates an increasing tendency towards the integration of CSR into small firms (Jenkins, 2006; Echo, 2010; Del Baldo, 2010).

Regarding the importance of the involvement of small firms in CSR and considering the increasing tendency towards CSR strategies and practices in this kind of firms, the objective of this article is to analyze why CSR strategies are elaborated, or not, in small firms, how the CSR strategy is elaborated and deployed in this kind of firms and, then, how the sustainable performance is managed there.

Concretely, the theoretical part of the article focuses, on one hand, on the motivations and on the obstacles for small firms in engaging in sustainable strategy and, on the other hand, on the specificities of sustainable strategy and related performance management in such firms.
The empirical part of the article presents a Belgian case study (Yin, 1988) in order to illustrate the previous theory-based analysis. This paper finally opens the way to future research on the theme of CSR and small firms.

Sustainable Strategy and Related Performance Management in Small Firms: A Belgian Case Study

Introduction

Business has come under increasing pressure to demonstrably engage in environmental- and social-friendly activities, which are commonly described as Corporate Social Responsibility (CSR) activities (Jenkins, 2006).

During the last decades, the traditional economy has indeed shown its limits. Some well-known examples of problems originated by these limits are the appearance and the global development of international crises and scandals, the deterioration of the world climate and resources, or the increasing disparities between Northern and Southern countries and between wealthy and poor people.
As a consequence of these problems, the traditional economy is more and more often blamed by the Society. Non-Governmental organizations have stronger and stronger influence. International and national regulations have become more and more stringent. Customers are more and more demanding. Etc. (Berry, 1998).

In this context, for about twenty years, the concept of Sustainable Development (Brundtland, 1987) has become more and more popular and the mission of firms in the Society has progressively evolved. The role of firms is no more restricted to short- or medium- term financial objectives which benefit to their shareholders. Up to now, it also includes societal considerations which tend to promote the sustainability of the firm and of its environment in the long term. Commonly, the contribution of firms to this macroeconomic goal is called the Corporate Social Responsibility (CSR) (European Commission, 2002). An increasing number of firms are getting involved in CSR strategies for diverse reasons (Jenkins, 2006; European Commission, 2009; Weltzien Hoivik, 2009; Del Baldo, 2010).

Even if the context and concepts related to Sustainable Development and CSR are more and more famous and generally-accepted, there remains a visible gap between theory and management practice (Jones 1980, 1983; Preston and Post 1975, Thompson and Smith, 1991).

This problem is exacerbated by limited scientific research on managing CSR in small businesses (Jenkins, 2006; Del Baldo, 2010). Several factors have contributed to the weak understanding of small business CSR. First, large firms have been the pioneer in CSR and a distinct large-scale corporation orientation persists in the CSR literature (Chrisman and Archer 1984). Little research and discussion have focused on CSR in small (and medium-sized) businesses (Thompson and Smith, 1991; European Commission, 2007). Second, regarding their specific characteristics (Julien, 2005), it is reasonable to assume that small businesses tend to lack sufficient influence or resources to adequately address environmental and/or social issues (Spencer and Heinze 1973; European Commission, 2007). Third, small businesses have been encouraged to overlook social activism and to concentrate instead on avoiding irresponsible behavior (Van Auken and Ireland 1982; Thompson and Smith, 1991).

The tendency for CSR research to be conducted primarily in large-scale corporation ignores the fact that small firms are the predominant form of enterprises in the European Union and that almost 60 percent of the European work force is employed by this kind of firms (Jenkins, 2006). Then, if Europe and its enterprises are to reap the full benefits of CSR, it is vital to make sure that small firms are fully engaged and that what they do is fully recognized. This is a particular challenge because, as mentioned above, the concept of CSR has been created mainly by and for larger companies. The support and encouragement of CSR amongst small businesses is thus one of the priority areas of the European Commission's policy on CSR (European Commission, 2009). In this sense, some recent research demonstrates an increasing tendency towards the integration of CSR into small firms (Jenkins, 2006; Echo, 2010; Del Baldo, 2010).

Regarding the importance of the involvement of small firms in CSR and considering the increasing tendency towards CSR strategies and practices in this kind of firms, the objective of this paper is to analyze why CSR strategies are (not) elaborated in small firms, how the CSR strategy is elaborated and deployed in this kind of firms and, then, how the sustainable performance is managed there.

More concretely, after clarifying the key concepts surrounding this paper, this research reviews previous literature on CSR in small firms. It focuses on why CSR strategies are (not) elaborated in small firms, on how the CSR strategy is elaborated and deployed in this kind of firms and, then, how the sustainable performance is managed there. In a second section, a

Belgian case study is presented (Yin, 1988; Huberman and Miles, 1991) in order to illustrate previous theory-based analysis. This paper finally opens the way to future research on the theme of CSR and small firms.

1. **Key concepts**

1.1. Small firms

Small firms are crucial economic actors in the world economy (Keasey and Watson, 1991). They compose more than 99% of the total population of firms in the U.S. (Birch, 1987) and in Europe (OECD[1], 2005). More locally, in 2007, small firms[2] composed 91% of the total population of firms in Belgium (Graydon, 2009). These firms generate job creation and they largely contribute to the economic development of these areas (Keasey and Watson, 1987; Keats and Bracker, 1988; OECD, 2005).

The present research is based on the definition of SMEs adopted by European Commission in 2003, which is effective since January 1, 2005. Table 1 summarizes the criteria which delineate SMEs.

Firm category	Personnel	Turnover OR Balance Sheet total	
Medium-sized	< 250	<= € 50 million	<= € 43 million
Small	< 50	<= € 10 million	<= € 10 million
Micro	< 10	<= € 2 million	<= € 2 million

Table 1: Definition of SMEs (European Commission, 2003)

As medium-sized firms have a structure and an organization that tend to be closer to the ones of large firms (larger set of resources, less centralization, more formalization, etc.) and as the impact of human and psychological factors is less important in these firms than in smaller ones (Julien, 2005), this research focuses on small businesses, i.e. micro and small firms, regarding the European Commission's definition (2003).

Small firms have specific characteristics (Keats and Bracker, 1988; Julien, 2005):

- The quantity of available resources (immaterial, human, technical and financial resources) is small compared to larger firms.

- They are generally under the influence of one individual[5] who is at the center of the firm (Mintzberg, 1979; Keats and Bracker, 1988; Julien, 2005).
- Due to their small size, they are 'structurally simple' in Mintzberg (1979) sense:
- They are particularly dependent on their external environment.

1.2. Sustainable Development

Considering the limits of the traditional (capitalist) economy presented in the Introduction, for about twenty years, a new macroeconomic objective has appeared and progressively developed: the world economy has to tend towards a "Sustainable Development". The Brundtland Commission (1987) defines it has "*a development that "meets the needs of the present without compromising the ability of future generations to meet their own needs*". The three principles of sustainability are traditionally referred to the 3P's: People (Social), Planet (Environmental) and Profit (Economic). These three dimensions have to be considered simultaneously if one wants to reach a Sustainable Development of the World and of the Economy, as defined above.

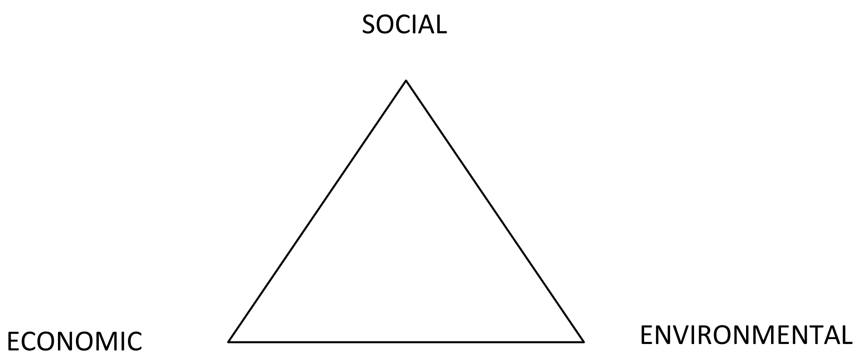

Figure 1: The three dimensions of the Sustainable Development (Retolaza et al., 2003)

1.3.Corporate Social Responsibility

Commonly, the contribution of firms to the macroeconomic goal of tending towards a "Sustainable Development" is called the Corporate Social Responsibility (CSR) (European Commission, 2002). In the current economic context, the role of firms is no more restricted to short- or medium- term financial objectives which benefit to their shareholders. Up to now, it also includes societal considerations which tend to promote the sustainability of the firm and of its environment in the long term. CSR is then voluntary integration, by firms, of social and environmental considerations into their commercial activity and into their relationship with their stakeholders (European Commission, 2005). This concept expresses then respect to employees, to external stakeholders as well as to the environment (Hermel, XX).

An increasing number of firms are thus getting involved in CSR strategies for diverse reasons, which will be explained in section 2.2. (Jenkins, 2006; European Commission, 2009; Weltzien Hoivik, 2009; Del Baldo, 2010).

Nevertheless, it is worth mentioning that the term CSR is frequently discussed in the literature. In particular, "Corporate" Social Responsibility is a rather complex notion developed for large companies. It is therefore perhaps not the most appropriate term for communicating with and engaging smaller firms (European Commission, 2003).
That is why, as the present research focuses on small firms, in the current article, the term "Sustainable"[i] strategy (or initiatives) has been preferred when referring to the voluntary integration, by small firms, of social and environmental considerations into their commercial activity and into their relationship with their stakeholders (European Commission, 2005), i.e. when referring to the contribution of firms to the Sustainable Development. Nevertheless, as the term CSR is widely used and recognized, it has been decided not to eclipse it completely in the continuation of the article. Thus, even if the term CSR is not fully adapted, the terms "Sustainable" and "CSR" Strategy or Performance Management can be considered as synonymous in the rest of the paper.

1.4.Sustainable Strategy

1.4.1. Strategy

Johnson et al. (2008) define *strategy* as follows: "*Strategy is the direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholders' expectations*".

In other words, strategy is concerned with:

- The *direction* of the organization (Where is the business trying to get to in the long-term?)

- The *scope* of the business (Which markets should a business compete in and what kind of activities are involved in such markets?)

- The *advantage* the organization may benefit from these plans (How can the business perform better than the competition in those markets?)

- The *resources* that will be required to compete (What resources (skills, assets, finance, relationships, technical competence, facilities) are required in order to be able to compete?)

- The *environment* in which the firm competes (What external, environmental factors affect the businesses' ability to compete?)

- The *stakeholder*s of the firm (What are the values and expectations of those who have power in and around the business?)

1.4.2. Sustainable Strategy

The term *Sustainable Strategy* denotes a strategy which is voluntarily elaborated by a firm in order to meet (a part of) the requirements of the Sustainable Development and which is fully in line with the definition of CSR (European Commission, 2003). It includes a strategic vision consistent with the principles of the Sustainable Development and specific strategic objectives integrating economic, environmental and social dimensions.

Three (complementary) sustainable strategies have been highlighted by Hummels and Karssing (2000) on the basis of the previous work of Sharpe Paine (1994):

1. *The compliance strategy*. The firm develops concrete standards of behavior, which are communicated to all members. The focus is on required behavior (Trevino and Nelson, 1999).
2. *The integrity strategy*. This second kind of strategy does not rely on the compliance of strict rules but on the responsibility and integrity of the individual employees on the basis of internalized values. The strategy sets general values which leave open a lot of discretion in concrete decisions.
3. *The dialogue strategy*. This third strategy pays attention to the expectations of the stakeholders of the firm. It focuses on responsiveness to ideas, values and interests of others.

1.5. Sustainable Performance Management

While the concept of performance is central in management science and while numerous researchers have tried to define it since the 1980's, to date, there is still no-generally accepted definition of this concept in the literature (Bourguignon, 1995; Bessire, 1999; Capron and Quairel, 2004; Dohou and Berland, 2007). Numerous various definitions are proposed in the literature.

In the present paper, the definition of performance proposed by Bourguignon (2000) has been retained. Performance is about the "*achievement of the organizational goals, whatever their nature and their variety*".

Due to the evolution of the role of firms in the Economy and, more globally, in the Society, the concept of performance has also evolved. The traditional vision of performance which is generally restricted to a short term and financial vision of the firm is progressively replaced by a larger vision. This new vision is more global and tridimensional (Reynaud, 2003). It includes the achievement of economic and financial objectives (as the traditional vision does) but it also incorporates the achievement of societal goals. In this sense, a firm is performing if it achieves its financial/economic, social and environmental objectives.

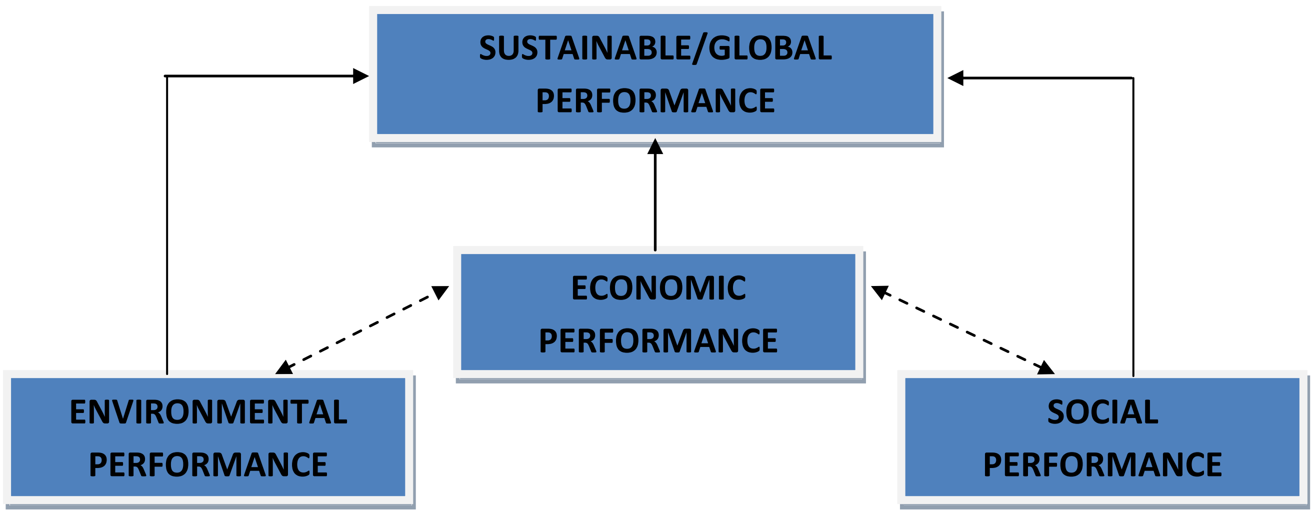

Figure 2: The Sustainable (or global) Performance (Reynaud, 2003)

With reference to Bourguignon (2000), a firm will then be a performing one if it reaches its objectives. This statement introduces the importance of strategic performance management. Indeed, once a (sustainable) strategy has been elaborated and implemented, it is necessary to measure and to control if the fixed objectives have been met in order to determine if the firm is performing well and in order to continuously improve its performance, via a continuous adaptation of its (sustainable) strategy (Johnson et al., 2008; De Wit and Meyer, 2010). Financial budgets, cost accounting and (balanced) scorecards are well-known performance management tools (Merchant and Van der Stede, 2007).

The main classical four-steps of strategic performance management can be illustrated by the Deming wheel (XX), also called the Plan-Do-Check-Act process:

- Plan: Elaboration of the strategy and determination of objectives and processes necessary to deliver results in accordance with the expected output.
- Do: Implementation of the strategy. Realization of concrete actions.
- Check: Measurement and monitoring: do the expected objectives have been met? Comparison of the concrete results against the expectations in order to ascertain any differences.
- Act: Analysis of the differences to determine their cause. Identification of needed changes in order to improve the firm's strategy and performance.

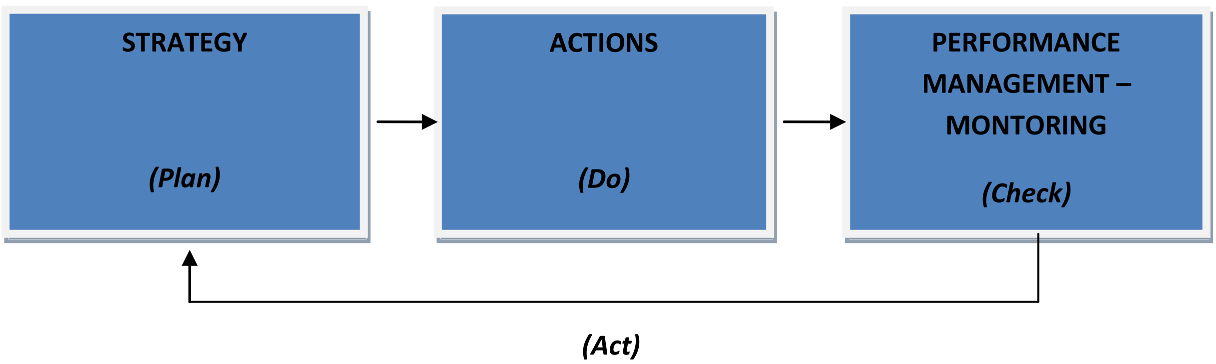

Figure 3: Four steps in strategic management

Figure 3 illustrates these four steps and stresses the importance of performance management in the strategic process of all firms.

In parallel to the progressive shift from the concept of traditional performance to the concept of global performance, an evolution of the traditional performance management (tools) towards more sustainable performance management (tools) is noticeable in the literature. For example, for about a decade, a series of researchers coming from the accounting and management control literature have analyzed how the traditional performance management tools, i.e. tool used to pilot and measure performance, could be adapted to this new vision of global performance (Crutzen and Van Caillie, 2010). Tools such as environmental accounting, social accounting, green budgets, and sustainable (balanced) scorecards including social and environmental indicators have been developed over the last decades (Abbot and Monsen, 1979; Gray et al., 1996; Adams and Harte, 2000; Christophe, 2000; Everett and Neu, 2000; Hockerts, 2001; Bieker, 2002; Figge et al., 2002; Caron et al., 2007). In particular, Crutzen and Van Caillie (2010) have analyzed how the new dimensions popularized by the Sustainable Development, i.e. social and environmental dimensions, could be taken into account in the performance management of firm, by focusing on one particular tool: the Balanced ScoreCard (Kaplan and Norton, 1992, 1996, 2001).

2. Sustainable Strategy and Related Performance Management in Small Firms : A review of the literature

2.1. Context

As mentioned early, small firms are crucial economic actors in the world economy (Keasey and Watson, 1991). Approximately 90% of businesses worldwide are made up of small to medium sized enterprises (Long, XX). These firms provide 50-60% employment, playing an important role in the development of the society (Keasey and Watson, 1987; Keats and Bracker, 1988; OECD, 2005).

Even if the context and concepts related to Sustainable Development and CSR are more and more famous and generally-accepted, there remains a visible gap between theory and management practice (Jones 1980, 1983; Preston and Post 1975, Thompson and Smith, 1991). This problem is exacerbated by limited scientific research on managing CSR in small businesses (Jenkins, 2006; Del Baldo, 2010).

Several factors have contributed to the weak understanding of small business CSR.
- First, large firms have been the pioneer in CSR and a distinct large-scale corporation orientation persists in the CSR literature (Chrisman and Archer 1984). Little research and discussion have focused on CSR in small (and medium-sized) businesses (Thompson and

Smith, 1991; Retolaza et al., 2003; European Commission, 2007). Nevertheless, as small firms are not "little big" companies (Tilley, 2000), research dedicated to CSR in large businesses cannot simply be scaled down to fit smaller entities (Jenkins, 2006).

- Second, regarding their specific characteristics cited in section 1.1. (Julien, 2005), it is reasonable to assume that small businesses tend to lack sufficient influence or resources to adequately address environmental and/or social issues (Spencer and Heinze 1973; European Commission, 2007).
- Third, small businesses have been encouraged to overlook social activism and to concentrate instead on avoiding irresponsible behavior (Van Auekn and Ireland 1982; Thompson and Smith, 1991).

Nevertheless, the tendency for CSR research to be conducted primarily in large-scale corporation ignores the fact that small and medium-sized firms (SMEs) are the predominant form of enterprises in the European Union (Jenkins, 2006). Then, if Europe and its enterprises are to reap the full benefits of Corporate Social Responsibility (CSR), it is vital to make sure that SMEs are fully engaged and that what they do is fully recognized. This is a particular challenge because, as mentioned above, the concept of CSR has been created mainly by and for larger companies. The support and encouragement of CSR amongst small businesses is thus one of the priority areas of the European Commission's policy on CSR (European Commission, 2009).

In this sense, researchers are now also recognizing the importance of CSR in small firms (Tilley, 2000; Spence and Rutherford, 2000; Spence et al., 2003; Jenkins, 2004 and 2006) and some recent research demonstrates a tendency towards the increasing integration of CSR into small firms (Jenkins, 2006; Echo, 2010; Del Baldo, 2010).

The goals of the next sections are to review previous literature in order to understand:

- The motivations, the obstacles and the enablers for elaborating such a strategy in small firms are presented in sections 2.2., 2.3. and 2.4.
- The specificities of a sustainable strategy in small firms (section 2.5.)
- The specificities of sustainable performance management in small firms (section 2.6.)

2.2. Motivations

Several previous studies highlight the drivers for elaborating and implementing a sustainable strategy in small firms (European Multi-Stakeholder Forum CSR, 2004; Hadjimanolis, 2009; Jenkins, 2010; Mankelow and Quazi, XX).

The major reasons for developing a sustainable strategy in a small firm can be divided into two categories (Hadjimanolis, 2009): External and internal motives.

1) *External motives* :

Answering to external pressures (from customers, government, local communities) and addressing the view of customers and the expectations of the external communities in order to ensure a viable financial return on investments (Mankelow and Quazi, XX). Concretely:

   a. Winning and retaining customers and business partners.
   b. Being a good neighbor and, then, maintaining a license to operate from the local community.
   c. Responding to pressures for banks and insurers.
   d. Changing perceptions of the role of business in society, through media, education and others actions.
   e. Networking opportunities.

2) *Internal motives* :

   a. Attracting, retaining and developing motivated and committed employees
   b. Cost and efficiency savings (through staff motivation and retention, cost savings (energy))
   c. Product/market innovation, differentiation and competitive edge (in the world where there is always more needs for innovation and creativity in business)
   d. Anticipating future legislation

2.3. Obstacles

The major obstacles for elaborating and implementing a sustainable strategy in small firms presented in the literature can be summarized as follows (Retolaza et al., 2003; European Multi-Stakeholder Forum CSR, 2004; Niblock-Siddle et al., 2007; Hadjimanolis, 2009; Jenkins, 2010):

1) As the quantity of available resources is small compared to larger firms (Jenkins, 2006):
    a. Small firms lack time to dedicate to such actions (conflicting time of the entrepreneur or of his collaborators).
    b. They lack money to finance costs related to CSR activities (high perceived and actual costs)
    c. They lack the needed human resources to support the project (lack of know-how and know-who to related CSR to core strategic issues, to make the business case, for example).
2) Small firms are confronted to more immediate pressure for daily-struggle to survive commercially.
3) Entrepreneurs sometimes lack awareness of business benefits (not enough communication).
4) Some entrepreneurs are reluctant to external help.
5) Existing CSR tools and guidelines are oriented towards large business.

2.4. Enablers

Even if small firms are facing obstacles when engaging in a sustainable strategy, they nevertheless have some advantages compared to their larger counterparts (Hadjimanolis, 2009):

1) They are more flexible: they can thus adapt more rapidly to a changing society and stakeholders demand.
2) They are more close to stakeholders: they can thus easier understand their expectations
3) Their flatter hierarchy and faster decisions-making process facilitate the process.

2.5. Specificities of a Sustainable Strategy in a small firm

Little research has been dedicated to the identification of the specificities of a sustainable strategy in a small firm. Nevertheless, two interesting specificities can be drawn from the study realized by Graalmal et al. (2003) and from the strategy literature:

- The strategic process is traditionally presented as intuitive and informal in a small firm. It is thus reasonable to assume that, in most small firms, the elaboration and the implementation of a sustainable strategy is *intuitive* and *informal* (Graalmal et al., 2003 ; Julien, 2005).

- As the entrepreneur has a predominant role in small firms (Julien, 2005), Graalmal et al. (2003) underline that, in this kind of firm, the sustainable strategy is often based on the *personal values* of its members, and generally of the entrepreneur.

2.6. Specificities of Sustainable Performance Management in Small Firms

After an analysis of the literature, any published research dedicated to the specificities of sustainable performance management in small firms has been detected. Nevertheless, based on the particular characteristics of these firms, we may assume that, due to the limited amount of resources at their disposal and their frequent short-term pressure to survive, the performance management system related to the sustainable strategy, if it exists, should be little formalized and implemented in small firms (Julien, 2005). As Graafland et al. (2003) underline few formal CSR instruments (such as codes of conducts, green accounting or sustainable scorecards) seem to be developed and really used in small firms compared to large firms. Regarding their specificities, small businesses tend to favor an informal dialogue with internal and external stakeholders. The most popular instrument identified by Graafland et al. (2003) is to let one member of the board be answerable for ethical questions, which fits the informal culture of most small firms.

It is worth noticing that, if small firms develop less formal instruments than large firms, this can partly be explained by their smaller size. They need fewer instruments that facilitate the communication and values within the firms and to customers because they often have personal contacts with these stakeholders (Graafland et al., 2003).

3. Sustainable Strategy and Related Performance Management in Small Firms : A Belgian Case Study

3.1.Methodology

3.1.1. Case study

This research is based on one single case study which aims at confronting information coming from the literature to the ground (Yin, 1988). Through a qualitative analysis, in a first part, this study stresses the motivations for this company to engage in a sustainable strategy as well as the obstacles it had to face (sections 3.2. and 3.3.) and, in a second part, it analyses the specificities of the firm's sustainable strategy as well as of how the related performance is managed and measured (sections 3.4. and 3.5.).

For confidentiality reasons, the name of the firm will not be cited in the present article. Nevertheless, table 2 presents some descriptive information about the firm analyzed in the present study.

Characteristics	**Firm's information**
Age	More than 50 years
Legal form	Public Limited Company
Industry	Pharmaceutical industry
Location	Walloon Region
Family firm	Yes
Size (number of workers in 2009)	About 85 workers
Size (Sales in 2009)	+/- 12.000.000 euros
Size (Balance Sheet in 2009)	+/- 8.000.000 euros

Table 2: Description of the case

3.1.2. Data collection

The case study evidenced here is drawn from primary and secondary data:
Firstly, two *(semi-directive) interviews* (interview of the CEO and of the financial director) have been realized to collect extra information as well as to proceed to a triangulation of the data in confronting data presented in official documents (on the website, for example) with unofficial and oral information (Yin, 1988).
Secondly, a series of data related to the firm's sustainable strategy and performance management have been collected through a *document analysis*. The pieces of information, in relationship with the firm's involvement in the Sustainable Development, available on the firm's website have been collected as well as documents given by the CEO (code of conduct, reports written during specific conferences, results emerging from an internal survey about Sustainable Development's activities within the firm).

3.1.3. Data analysis

An in-depth qualitative analysis (Yin, 1988; Huberman and Miles, 1991) has been carried out in order to interpret the collected data and to understand the sustainable strategy and the related performance management in the firm.

3.2.Motivations for engaging in a sustainable strategy

Two major motivations have been detected thanks to the present qualitative data analysis:

- Firstly, the CEO has real convictions regarding the role of a firm regarding environmental protection and social well-being. “Sustainable Development” and “CSR” are thus concepts which belong to the intrinsic values of the entrepreneur and a deep CSR philosophy is present within the firm.
- Secondly, the CEO is aware that the integration of social and environmental dimensions in the firm’s strategy may also contribute to an improvement its economic performance. The respondents mention that these activities may lead to:
  - Cost and efficiency savings
  - A better competitiveness and reputation of the firm
  - The attraction, the retention and the development of motivated and committed workers.

3.3.Obstacles for engaging in a sustainable strategy

Two major obstacles have been identified in relationship with the elaboration and the implementation of the firm’s sustainable strategy:

- Firstly, by definition, this small firm has a *limited amount of available resources*.
  - Time is conflicting: the CEO and the financial director have a limited time to dedicate to the elaboration, the formulation and the implementation of the sustainable strategy.
  - Money is also limited: they lack money to implement complex formalized sustainable strategy and related performance management system.
  - Human resources are restricted in quantity and in competences: it is difficult to dedicate one worker to the sustainable strategy and management of the firm and they lack

know-how and know-who to relate CSR to core strategic issues and to develop an adequate and easy-to-use sustainable performance management tool (existing CSR tools and guidelines are mainly oriented towards large business).

- Secondly, difficulties to involve the workers in the process and to make them adhere to the project. Indeed, the CEO tries to imply all workers in the process. Even if no structured communication related to Sustainable Development is in place within the firm, conferences, informal meetings and oral communications are frequently organized. Nevertheless, it is difficult to motivate them to participate to these events.

3.4.The Sustainable Strategy of the studied firm

Since 2006, Sustainable Development is one of the pillars of the firm's strategy. The CEO considers that environmental and social dimensions are essential for the future strategic development of the firm. The CEO is convinced that including Sustainable Development considerations in a firm's strategy leads to a WIN-WIN situation. Indeed, on one hand, it enhances positive actions regarding the environment and people all around the world. On the other hand, a lot of these actions (such as energy savings, waste reduction and staff motivation) lead to cost reductions or to a better reputation of the firm: they contribute to the firm's economic performance.

Some judicious information related to the firm's strategy (coming from the firm's website) is presented below:

"*The FIRM is working daily to reduce its impact on the environment and is trying to contribute to the well-being of others.*

An extensive sustainable development plan is in operation at the company.

On an environmental level:

- *An "**energy**" part focuses on reducing consumption and researching clean energies, both on- and off-site. In particular we plan to install photovoltaic panels that will collect the sun's renewable energy and turn it into electricity. We are also focusing on our mobility policy, both with regard to choice of fuels and in the very way we organize our transportation.*
- *A second part focuses on **waste**: sorting it and reducing the quantity of it.*
- *And let's not forget **water**, so precious to life. The FIRM is planning to recover and use rainwater, particularly in the toilets and for cleaning.*

Alongside environmental aspects, well-being is also important.

- *Consumer well-being is vital. The FIRM relies on continuous research into this through the nature of its products and the quality of its preparations.*
- *Staff well-being is also of prime importance to us. The sustainable development plan includes different measures working towards this, in particular setting up discussion groups.*
- *And also, because poor health sometimes prevents any economic development, The FIRM supports NGO's. Helping and caring for people with leprosy and tuberculosis enables them to start working again and, therefore, improve their living standard. This money earned by working enables them to send their children to school; in other words, to offer their children a future*."

In summary, the sustainable strategy of the firm is based on three pillars and concrete actions are conducted in these three domains:

- Economic development (constant innovation, high quality products, for example)

- Environmental protection (energy savings, waste reduction and recycling, for example)

- Social well-being (staff well-being, pleasant work climate, humanitarian projects to help external communities, for example).

Nevertheless, it is worth mentioning that, consistent with section 2.5., the strategy is elaborated and implement intuitively and informally: there is no formalization of the firm's strategic process. As mentioned before, it is rather based on the CEO's personal convictions and intuition.

3.5.Sustainable Performance Management in the studied firm

In the firm studied, up to now, there is no structured or formalized performance management system. The performance of the firm is not piloted and monitored thanks to specific indicators or scorecards.

Nevertheless, the respondents are conscious that, as the firm is growing (around 15% growth, during the last years), it is essential to implement such a performance management system. Indeed, the firm is progressively attaining a size of 90 workers and it really requires more formalization and structuring to be efficient (Julien, 2005). For this reason, since 2009, the financial director has been working on the development of a series of indicators in order to pilot and measure the economic/financial performance of the firm. Due to a lack of resources, the development of tools in order to manage the societal performance of the firm (social and environmental indicators) was not a pressing priority. However, thanks to the present research, they have been aware of the importance of such a system and they show a real willingness to progressively formalize the (global) performance management system of their firm.

Thus, up to now, in the firm analyzed, a lot of honorable intentions and actions in favor of a Sustainable Development have been taken. Nevertheless, there is no real monitoring (thanks to a series of indicators, for example) of the impact and of the real performance of these activities. The elaboration of an adequate performance management system, in relation with the sustainable strategy of the firm, in order to monitor and measure the real impact and performance of its environmental and social actions would be very judicious to identify potential success or failure in attaining some goals, to highlight improvements to be made and, finally, to validate externally the strategy (thanks to an official external reporting).

4. Discussion and implications for future research

From the present qualitative analysis, it comes out that the empirical observations coming from one single case study are strongly consistent with insights from previous scientific literature.

Firstly, this research confirms most motivations and obstacles identified in previous research.
On the one hand, two major motivations have been particularly highlighted by the respondents : (1) the **real convictions** of the entrepreneur regarding the role of a firm regarding environmental protection and social well-being and (2) his awareness that the integration of social and environmental dimensions in the firm's strategy may also contribute to an **improvement its economic performance** (cost and efficiency savings, a better competitiveness and reputation of the firm, the attraction, the retention and the development of motivated and committed workers).
On the other hand, two major obstacles have been identified in relationship with the elaboration and the implementation of this small firm's sustainable strategy: (1) the **limited amount of available resources** (time, money, human resources, etc.) and (2) the **difficulties to involve workers in the process** and to make them adhere to the project.

Secondly, when explaining how the sustainable strategy is elaborated and deployed in the firm studied as well as how the related performance is managed there, the present analysis underlines that, as in most small firms (Julien, 2005), the **(sustainable) strategy is elaborated and implemented intuitively and informally**. There is no formalization of the firm's strategic process: it is rather based on the CEO's personal convictions and intuition.

In addition, in the firm analyzed, a lot of honorable intentions and actions in favor of a Sustainable Development have been taken. Nevertheless, there is **no performance management or monitoring** (thanks to a series of indicators, for example) of the impact and of the real performance of these activities.

Consistent with these observations, Figure 4 represents the strategic management process in the firm studied.

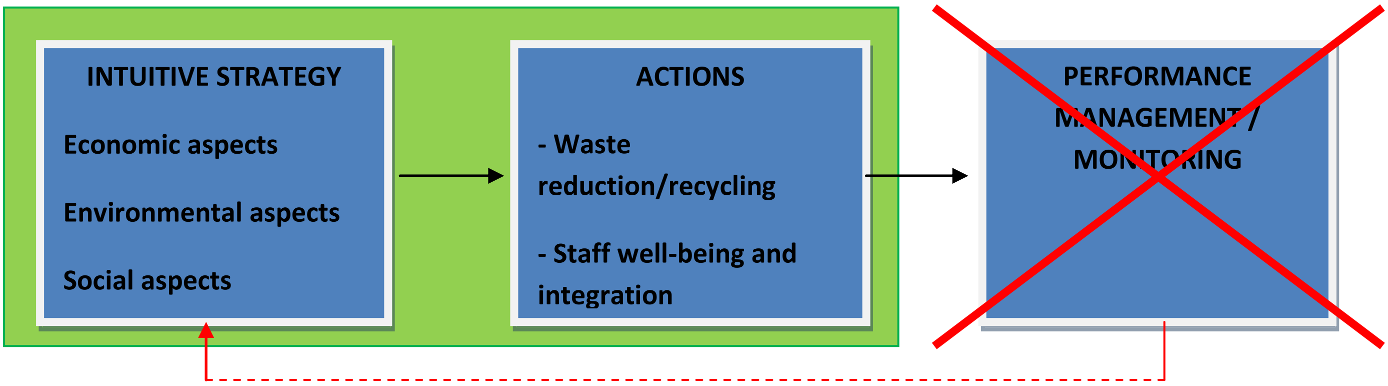

Figure 4: The Case Study's Strategic Management Process

In summary, this research validates most insights from previous research and it stresses again that small firms are able to engage in sustainable strategies. Even if small firms are confronted to specific obstacles compared to large firms, they have also some advantages compared to them and they can also benefit from a sustainable strategy.

Nevertheless, two major recommendations come out from this case study.

Firstly, considering the lack of adequate sustainable performance management in small firms, it is necessary to develop and to propose to small businesses **specific sustainable performance management tools** (simpler, easier-to-implement and easier-to-use tools). Indeed, the elaboration of an adequate performance management system, in relation with the sustainable strategy of the firm, in order to monitor and measure the real impact and performance of its environmental and social actions is be very important in order to identify potential success or failure in attaining some goals, to highlight improvements to be made and, finally, to validate externally the strategy (thanks to an official external reporting).

Secondly, **external support** has to be encouraged in order to help these firms in:

- Engaging in such a strategy,
- Formalizing their strategic process
- Developing an adequate performance management in order to identify potential success or failure in attaining some goals, to highlight improvements to be made and, finally, to validate externally the strategy (thanks to an official external reporting).

To conclude this article, two suggestions future research can be underlined.

Firstly, the present research is based on one single case study. A qualitative research is usually presented as more subjective than quantitative research (Cooper and Schindler, 2000; Thiétart, 2003). Even if the study of one case study contributes to an in-depth understanding of the firm, in the future, it would be judicious to analyze other small firms and to compare why sustainable strategies are elaborated, or not, in these firms, how this kind of strategy is elaborated and deployed there and, then, how the sustainable performance is managed. This would lead to more robust and externally-validated observations (Thiétart, 2003).

Secondly, it would be interesting to conduct a longitudinal research on how to develop an adequate sustainable performance management tool (simpler, easier-to-implement and easier-to-use tool) within a small firm and on how to propose it to small firms. Indeed, it would be interesting to study how to adapt existing tools to the specificities of small firms, to analyze which methods are adequate to implement such a tool in a small firm and to identify the specific obstacles which are encountered in developing and implementing an adapted performance management tool.

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[i] The term "Responsible" strategy is also a synonymous often used in previous research (European Commission, 2003).