



Voluntary sustainability codes can help SMEs go green

Some small- and medium-sized enterprises (SMEs) have been climbing onboard the sustainability bandwagon due to increasing stakeholder pressures. In the case of U.S. wineries, concerns around endangered species preservation and agricultural chemical use contributed to the development of a voluntary sustainability code by the industry's largest trade association, the Wine Institute.

Encouraged by the code, wineries began adopting small-scale environmental programs that are comparable to scaled-down versions of Environmental Management Systems (EMS). While the programs weren't as extensive as those employed by large firms (well-known examples of formal EMS' include Responsible Care and ISO 14001), they still included key elements: environmental goals, training, budgets, suppliers criteria and formal responsibilities. But are these scaled-down programs actually worth the effort? Do they enhance the implementation of sustainability practices?

Mark Cordano (Ithaca College), R. Scott Marshall (Portland State University) and Murray Silverman (San Francisco State University) examined whether the scaled-down environmental programs implemented by small firms are still effective in supporting environmental initiatives. They also wanted to know why firms chose to adopt the programs. To find out, the researchers surveyed 369 U.S. wineries, many of which were in the initial stages of implementing new practices as a result of the code.

Firms with more developed environmental management programs were better at implementing solid waste recycling and energy conservation practices—suggesting these programs fulfill their purpose of supporting continuous environmental improvements.

Why did firms undertake the programs in the first place? Environmental program adoption was mainly driven by: 1) managers' beliefs that environmental management programs were beneficial 2) the existence of a general sense of personal obligation toward environmental performance improvements and 3) stakeholder pressure.

Some components of environmental management programs were more critical than others for the successful implementation of new sustainability practices. The most important pieces were:

- Establishing goals and policies
- Providing funds for environmental projects
- Undertaking activities with suppliers to reduce waste

At the practice-specific level, providing environmental training for employees helped with energy conservation and having an individual designated with environmental responsibilities was conducive to waste recycling.

Since this research was conducted, coordinated environmental activities for the industry have evolved. Together, the Wine Institute and the California Association of Winegrape Growers formed the California Sustainable Winegrowing Alliance (CSWA) to communicate the benefits of sustainable winegrowing practices, enlist industry and aid in implementation of the Sustainable Winegrowing Program.

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Within three years, 807 vineyards and 107 wineries in California had submitted self-assessments to CSWA. The process is based upon a workbook that ranks a vineyard or winery on specific practices. This workbook system has inspired similar programs in other jurisdictions.

Though this research focused on wineries, there are implications for SMEs in other industries. In particular, support by an industry association can help SMEs tremendously by providing information and guidelines — so, coordination may help create change. Also, managers with limited resources to implement new environmental programs can still reap benefits by focusing on a few priority areas rather than trying to be comprehensive. The positive attitudes of managers, the social influence of the industry and stakeholder pressures are important drivers of environmental management.