

## Chapter 23

# Model Suggestion for SMEs Economic and Environmental Sustainable Development

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### ABSTRACT

*In recent years, environmental considerations have become increasingly social concerns. There is a growing interest in SMEs that want to green their businesses, but real action is slow because there is usually a lack of knowledge and resources to do so. This chapter considers how SMEs can adopt and improve their manufacturing processes to include the new environmental regulations. The authors propose a model that ensures sustainable development for SMEs.*

### INTRODUCTION

The global economy is coming under growing pressure to pay more attention to damaged environments. Environments are defined as surroundings in which an organization operates, including air, water, land, natural resources, flora, fauna, humans, and their interrelations (International Institute for Sustainable Development [ISSD], 1996). Sustainable development is a pattern of resource use that aims to meet human needs while preserving the environment so these needs can

be met in the present and in the future. Sustainable development was defined by the Brundtland Commission as development that meets the needs of the present without compromising the ability of future generations to meet their own needs (United Nations [UN], 2008). For example, if development were ecologically sound but if the benefits of that development were spread so unevenly that some people's needs were not met, then sustainable development would not be achieved (Bebbington, 2000).

The field of sustainable development can be conceptually broken into four constituent parts: environmental sustainability, economic sustain-

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ability, social sustainability, and political sustainability. With increasing environmental problems around the world, it is time for companies to recognise their environmental responsibilities while making profits. The pressures on companies from consumers, public awareness groups, governments, legislators, financial sources, and larger companies will inexorably increase.

### **BACKGROUND INFORMATION ABOUT SUSTAINABLE DEVELOPMENT AND SMEs IN TURKEY**

Sustainability of enterprises is the process through which enterprises think about the welfare of their shareholders while achieving their goals, determine how to be responsible from economic, social and environmental consequences and to engage in design, production, supply, marketing activities in way that will not cause any harm to the environment. Some of the factors considered reflect sustainability goals for a firm (*mainly economic goals*: profitability, competitiveness, market shares, product durability, research and development efforts), while others (*socioeconomic*: welfare, education, availability of renewable, resources, size, personnel rotation rate; and *ecological*: pollution, natural resources, global impacts, biodiversity, global warming, acid deposition, landscape, ultimate waste disposal, product recycling ability) mainly reflect sustainability goals for society (Callens & Tyteca, 1999).

Accepting such an approach requires considering economic, social, and environmental policies in each phase of development and the integrated application of these policies. In other words, a country aiming for sustainable development should handle all of its policies about population, distribution of income, education, law, industrialization, foreign trade, and public works in line with its environmental policies (Uckun & Turkey, 2010).

The concept of sustainable development has received growing recognition, but it is a new idea for many business executives. For business enterprises, sustainable development means adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today while protecting, sustaining, and enhancing the human and natural resources that will be needed in the future (IISD, 1992). Sustainable development is good business in itself. It creates opportunities for suppliers of “green consumers” developers of environmentally safer materials and processes, firms that invest in eco-efficiency, and those that engage in social well-being. These enterprises generally will have a competitive advantage. Sustainability should not be accepted solely as a responsibility for large enterprises alone. It is a long term responsibility that should be supported by governments and accepted by senior management of all enterprises, whether large or small.

Small and medium-sized enterprises (SMEs) have many advantages because they are flexible, dynamic, work closely with other people, more informal, and less bureaucratic than larger organisations. SMEs can increase their competitive power by turning toward green products and making a difference among their rivals. However the more limited resources of SMEs might prevent them from making environmental advances. SMEs should adopt and improve their manufacturing processes to include the new environmental business activities and processes. How can SMEs benefit from initiatives and create green products? If SMEs wait, this change will be more expensive.

The EU defines a medium-sized enterprise as one with a headcount of 250 employees, a small firm as one with a headcount of less than 50, and a microenterprise as one with a maximum of 10 employees. To qualify as an SME in the EU, a firm must have an annual turnover of Euro 50 million or less and/or a balance sheet valuation not exceeding Euro 43 million, while the annual turnover of a microenterprise must not exceed Euro 2 million. In the U.S. and Canada, SMEs

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