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## **Social and environmental practices of SMEs in a regional city of Australia**

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### **Abstract:**

Global warming and unethical social behaviours are being attributed to commercial activities of businesses. While, large businesses have accepted the need to adopt sustainability, small and medium-sized enterprises (SMEs) have not paid enough attention to this issue in their management strategies. In addition SMEs are significant regional development agents; especially in Regional Australia where SMEs constitute approximately 95% of businesses in services and industry sectors. This research draws on the response of 233 SME owners/managers on social and environmental activities by which they respond to the sustainability challenge within the regional city of Ballarat. The results show that the SMEs are actively engaged in employee support and they tend to be close to the local community. However, despite being active in the areas of recycling, energy efficiency, and using environmentally friendly products, these SMEs showed an inability to grasp the strategic importance of overall ecologically sustainable policy and practice.

**Keywords:** Global Warming, Regional Australia, SMEs, Social Responsibility, Sustainability.

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## INTRODUCTION

Sustainability has emerged as a major ethical challenge to modern society. The Brundtland Report established this challenge by recognising that “Humanity has the ability to make sustainable development to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs.” (Brundtland, 1987, p. 8) Sustainability is not an issue just for people and planet; it is very significant in the business context as it makes beneficial economic sense (Porter & Kramer, 2006) while championing business ethics (Rushton, 2002).

Global warming, through rising greenhouse gas emissions, is associated with negative consequences of economic development for the human population and the neglect of ecosystem (Weart, 2008). Global warming is mainly caused by business and industry (Hillary, 1995). Stern (2006) argues that this could see between 5% to 20% decrease in global economic output. Thus, if businesses do not adopt environmental sustainability in their actions and strategies, the loss to the ecosystem and its local communities who depend on the local ecology, would be irreparable (Stern, 2006).

In this regard, ecological sustainability has been accepted by many business managers as a precondition for starting a business. While, large businesses have mostly accepted the need to adopt ecological sustainability in their management process (Stubbs & Cocklin, 2008; Loorbach & Wijsman, 2013), small and medium-sized enterprises (SMEs) have not paid enough attention to this issue in their management strategies (Revell et al., 2010). Moreover, the majority of global pollution (up to 70%) is due to the SMEs’ environmental impact (Hillary, 2000). So the role of SMEs in achieving sustainable development is very significant and owner/managers and employees of SMEs are no more exempt from environmental vulnerability than anyone else in society.

Furthermore, SMEs are significant regional development agents, so adopting social sustainability and regional-based economic strategies by SMEs, enables local communities to benefit from sustainable development, innovation and economic development in their regions (Goldsmith & Samson, 2006). This is especially the case in Regional Australia where SMEs constitute approximately 95% of all businesses in services and industry sectors (Australian Bureau of Statistics, 2011). If regional SMEs engage with overall sustainability based around what Azapagic (2003) associates with corporate sustainability – i.e. people (social responsibility), planet (environmental performance) and profit (economic contribution) - then they will receive many advantages like improved competitiveness, better quality of products and services, better relationships with the community, material efficiency and staff commitment (O’Laire & Welford, 1996).

This paper investigates the activities by which SMEs in Regional Australia respond to the sustainability challenge. In other words, this paper tries to find what the practices are that regional SMEs engage in to adopt the sustainability challenge. The paper begins with a brief overview of the literature on sustainability practices of SMEs. Then the data collection process and methodology for analysing data are shown. Finally, the results are presented and based on the findings, some conclusions are provided.

## LITERATURE REVIEW

### *Business Sustainability in SMEs*

Corporate Sustainability (CS) is a general concept which cannot be applied to SMEs as it assumes similarity with large corporates (Jenkins, 2004). Moreover, CS belongs to large companies because they are capable in addressing sustainability due to their stronger accessibility to resources than small firms (Lucas, 2004). In this regard, "Business Sustainability" (BS) is the term adopted in this paper since it is a term encompassing all business forms, including small and medium firms, which follow sustainability strategies (Kerr, 2006).

Potts (2010) believes that BS originates from socially progressive influences on the traditional business base, but the points of distinction relate to the commitment to sustainable development. SMEs are in a unique position to embrace sustainability practices, as Trainer (1998) believes that growth and development of SMEs is a significant part of a sustainable world. In particular, SMEs develop close relationships with their customers, so they can show the value of sustainable services and products to their customers (Kerr, 2006; Aragon-Correa et al., 2008). Also, SMEs can easily respond to sustainability issues in the communities through their diversity and flexibility (Hawken, 1993; Sinha & Akoorie, 2010) provided that they receive enough support and incentive to match their diversity and adaptability (Welford, 1997). Similarly, their low usage of non-renewable resources due to their small size means they are able to adopt BS in their businesses easier than large businesses (Jones & Welford, 1997).

### *Regional Australian SMEs*

Regional Australia is a term which refers to regions that are geographically not part of metropolitan capital cities and their immediate peripheral areas within Australia. These areas of Regional Australia are known as inner regional Australia, outer regional Australia, remote Australia and very remote Australia (Australian Bureau of Statistics, 2001; Australian Institute of Health and Welfare, 2004). As such, Regional Australia is seen in terms of its qualities of small economic scale, landscape diversity and disparate communities. Due to Regional Australia's unique characteristics, it is very vulnerable to the changes and challenges affecting sustainability and economic growth (Charters et al., 2011).

Although a large majority of businesses in all economies around the world are SMEs and their contribution to the economic sector is significant (Udayasankar, 2008), there are little and limited studies about the SMEs' orientation towards BS (Dangelico, & Pujari, 2010; Kuckertz, & Wagner, 2010; Martin-Tapia et al., 2010). In the Regional Australian context, there is a gap in the literature about the experiences of regional SMEs in dealing with sustainability (Moyeen & Courvisanos, 2012). One of the reasons behind such limited studies is related to the confidentiality or nondisclosure of SMEs financial statements and absence of sustainability reports in Regional Australia (Lucas et al., 2009). Also, there is no clear path for local communities and small businesses to determine why, where, when, how and how much they should move forward to the sustainable development path in their overall business strategy (Goldsmith & Samson, 2006).

Furthermore from studies in other developed economies, regional SMEs are usually unaware of the advantages gained from sustainability adoption (O'Laire & Welford, 1996) because management

models are unable to integrate SMEs management strategies into the sustainability issues (Hass, 1996). As a result, strategies and tools for adopting sustainability practices are usually developed for large companies and it is very difficult for SMEs to transfer and incorporate them into their management processes (Holt et al., 2000; Ammenberg & Hjelm, 2003). Thus, a different approach to the study of SMEs BS is needed.

Hart (1997) believes that if small businesses in regional areas are actively engaged in the sustainability challenge with all their resources, the sustainability goals would be successful. So much greater attention should be paid to the activities and practices that regional SMEs engage in to protect environmental and social context in which they operate (Lawrence et al., 2006). Although an extensive body of the literature has addressed the environmental practices of SMEs (Lawrence et al., 2006), less research has focused on the social practices of SMEs and these practices and strategies are not well known in the small business context (Sharma & Ruud, 2003; Foot & Ross, 2004). Hence, the main research objective in this paper is to find out how regional SMEs in the Australian context respond to the sustainability challenges and in what social and environmental practices they engage. A survey is conducted which is aimed to compare social and environmental practices between small and medium-sized enterprises to find out whether there are differences between sustainability practices of these two groups of businesses. From such an empirical investigation, deeper appreciation of small business sustainability will provide implications for better SME management of BS.

## **METHODOLOGY**

Survey data was collected by means of a questionnaire. The questionnaire was designed in three sections. The first section consisted of questions related to the selected situational characteristics of the respondents such as business category, gender, age of owner/manager, age of business, number of employees [(small (0-19 employees), and medium (20-199 employees)], position, level of experience, and educational qualification. Moreover, there were 24 questions in the questionnaire on social and environmental practices (second and third sections) adopted by SMEs. They were constructed from insights gleaned from the literature in social and environmental practices of sustainable businesses; in particular, sustainability practices of small businesses (Lawrence et al., 2006; Yu & Bell, 2007; Gadenne et al., 2009; Lucas et al., 2009; Belz & Schmidt-Riediger, 2010; Brouwers, 2010; Evans & Sawyer, 2010; Collins et al., 2010; Revell et al., 2010; Chow & Chen, 2012; Roxas & Chadee, 2012; Schoenherr, 2012).

The study area in this survey was the major regional city of Ballarat which is located in Western Victoria, with an estimated population of around 98,000 (City of Ballarat, 2013). Ballarat is the third largest city in the state of Victoria, and it is surrounded in its north, west and south by rural areas and small townships (City of Ballarat, 2013). The primary reason for selecting Ballarat as the study area is that it has a key strategic position at the centre of Regional Victoria's most important freight, tourist and commuter transport routes (City of Ballarat, 2013). As such, Ballarat is a good representative of a major regional city in Australia which has an economy with a large SME business population.

Due to the lack of statistical information and contact details on SMEs in the Ballarat region, all the SMEs registered on the "Manta" website were identified and the questionnaire was sent out to

them. Manta is the world's largest online community for promoting and connecting small businesses, with more than one million registered users and 87 million company profiles (About Manta Website, 2014). The questionnaire was mailed out to all the accessible 1127 SMEs registered in Ballarat on this website. Because all SMEs in the database with a valid and current contact address were contacted, there is no sampling bias from the database itself. In other words, the census method on the Manta website was used for data collection and sampling methods were not applied in this survey. The reason for applying the census method rather than sampling is that the response rate in past business studies was found to be low (Gadenne et al., 2009; Belz & Schmidt-Riediger, 2010; Revell et al., 2010). Thus, it was decided to include all the SMEs in Ballarat listed on the Manta to ensure that as large a number of responses as possible were collected. Ethics approval for the study was given by the University of Ballarat (former name of Federation University Australia) Human Research Ethics Committee (Project No. B13-146).

Before embarking on the main data collection, three academic staff from the Research Services office and two PhD graduates in the Federation University were asked to read and answer the questionnaire. Pre-test respondents checked the design, structure and clarity of the questionnaire to ensure that there were no ambiguous, unclear and misleading questions. A few minor changes were made in the questionnaire after the feedback from the pre-test. Based on the pre-test respondents' comments, the questionnaire was revised and prepared for a pilot study.

The pilot study was conducted before the main study in order to address any deficiencies in the questionnaire's design before time and resources are expended on large scale study (Meyers et al., 2013). Cronbach's  $\alpha$  (alpha) for reliability of internal consistency (Pedhazur & Schmelkin, 1991; Tabachnick & Fidell, 2007) for social practices was found to be 0.883 and for environmental practices was 0.835.

The main data collection method in this paper was a mail survey. For this purpose, the questionnaires were sent out to all 1127 businesses listed in the Manta website. Within two weeks, 158 questionnaires were returned to sender due to wrong address or addresses for which businesses had left. A total of only 102 questionnaires were completed and returned by mail showing a disappointing response rate of 10.53%.

In order to increase the response rate, it was decided to embark on sending a reminder letter to the businesses that had not participated. After sending a reminder letter, a further 48 questionnaires were returned to sender due to wrong address or addresses for which businesses had left. An extra 163 questionnaires were completed and returned by mail, now showing a response rate of 28.77%.

According to Hart (1987), response rate in business surveys vary from 17% to 60%, with an average of 36%. Therefore, the response rate for this survey was found to be within the acceptable range of response rates. After creating a clean data file, the nature of the variables were explored and descriptive statistical techniques and hypothesis tests were conducted to address the research questions. All the analysis was done with SPSS software Version 20.

## RESULTS

### *Demographics*

Although answering all questions in the questionnaire was completely voluntary, the majority of respondents answered all the questions. Missing responses were limited to the question regarding the gender.

Total number of respondents was 265, of which 16 businesses were franchisees of a larger national/international firms and 12 businesses were branches of a larger national/international firms. After eliminating these 28 businesses, further analysis was conducted on the remaining 237 respondent businesses.

Based on the Australian Bureau of Statistics (ABS) definition, Australian small business is an actively trading business with 0-19 employees. Medium-sized businesses are actively trading firms with 20-199 employees. A large business is an actively trading firm with 200 or more employees (Australian Bureau of Statistics, 2011). The SME definition by ABS is the one adopted in this paper. Table 1 provides the distribution of the three class intervals of number of employees in respondents' business organization. As this table shows the majority of respondents' businesses in Ballarat (81.4%) were small businesses. Only four businesses were large and had more than 200 employees. Since this study is exclusively about SMEs, all businesses with more than 200 employees were eliminated from the database and further analysis was conducted on the remaining 233 SME respondent businesses.

**Table 1 Distribution of the Number of Employees**

Number of Employees	Frequency	Percent
0-19 (Small Businesses)	193	81.4
20-199 (Medium Businesses)	40	16.9
More than 200 (Large Businesses)	4	1.7
Total	237	100

Distribution of respondents' gender revealed that 16.7% of the respondents did not provide an answer for their gender. From the remaining, 62.7% and 20.6% of respondents were male and female, respectively. The large proportion of male respondents confirms a noted gender disproportion in Regional Australian SMEs (MacGregor & Vrazalic, 2008).

Results showed that retail trade with 45 businesses and art and recreation services with three businesses were the most and least common business categories, respectively. Also it was found that 3.86% of the businesses have been established less than five years. The age of majority of businesses (52.79%) was more than 19 years, i.e. they have operated as a business for more than 19 years.

Descriptive analysis of the distribution of respondents' age showed that 51.5% of them were 50-64 years old, indicating that the majority of business owner/managers in Ballarat are older persons; whereas, 35.2% of them were 30-49 years old, and 2.1% and 11.2% of the respondents were 18-29

years old and more than 64 years old, respectively. The large proportion of older business owners/managers confirms a high business age in the studied area.

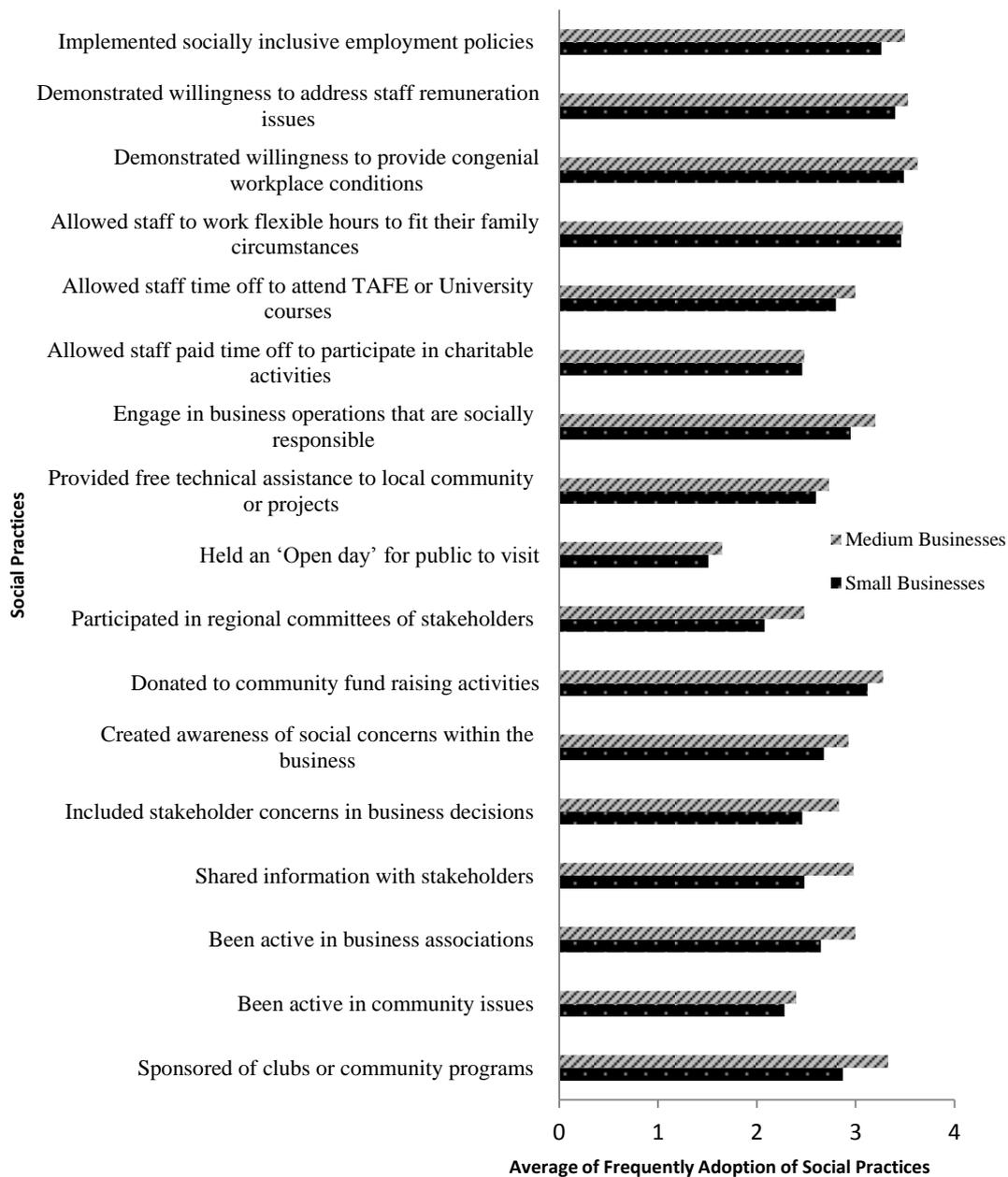
Research findings showed that 46.35% of respondents had more than 20 years of experience in their businesses. This finding confirms a high business age (more than 19 years) of 52.79% of the respondents. Only 1.72% of the respondents had less than 1 year of experience.

It was found that highest educational qualification of 30.47% of the respondents was from high school. Only 3.43% of the respondents had educational qualification below high school (primary school and no formal education), while 61 respondents (26.18%) had a TAFE (Technical and Further Education) qualification. At the higher education level, 22.75% and 16.31% of the respondents had undergraduate and postgraduate qualification, respectively. This indicates there is a good level of academic education by business owners and managers in the studied area. Only two respondents had doctoral or PhD qualifications.

### ***Social Practices***

The survey provided some evidence of the extent of activity related to social concerns. Figure 1 highlights an average frequency of social practices that respondent businesses engaged in. The differences between small and medium businesses are less pronounced in some of the socially related activities, although there are still important differences. According to Figure 1, medium-sized businesses generally adopted social practices more frequently than small businesses. For further evidence related to this finding, hypothesis testing was applied to compare different social practices between small and medium-sized businesses. Table 2 shows the result of this hypothesis testing to identify if there are any significant differences in social practices.

**Figure 1 Social Practices of Respondents**



As shown in Table 2, adopting four social practices is significantly different between small and medium-sized businesses. These four practices are: (i) sponsoring of clubs or community programs, (ii) being active in business associations, (iii) sharing information with stakeholders, and (iv) participating in regional committees of stakeholders. All these four activities were adopted more frequently by medium-sized businesses than small businesses.

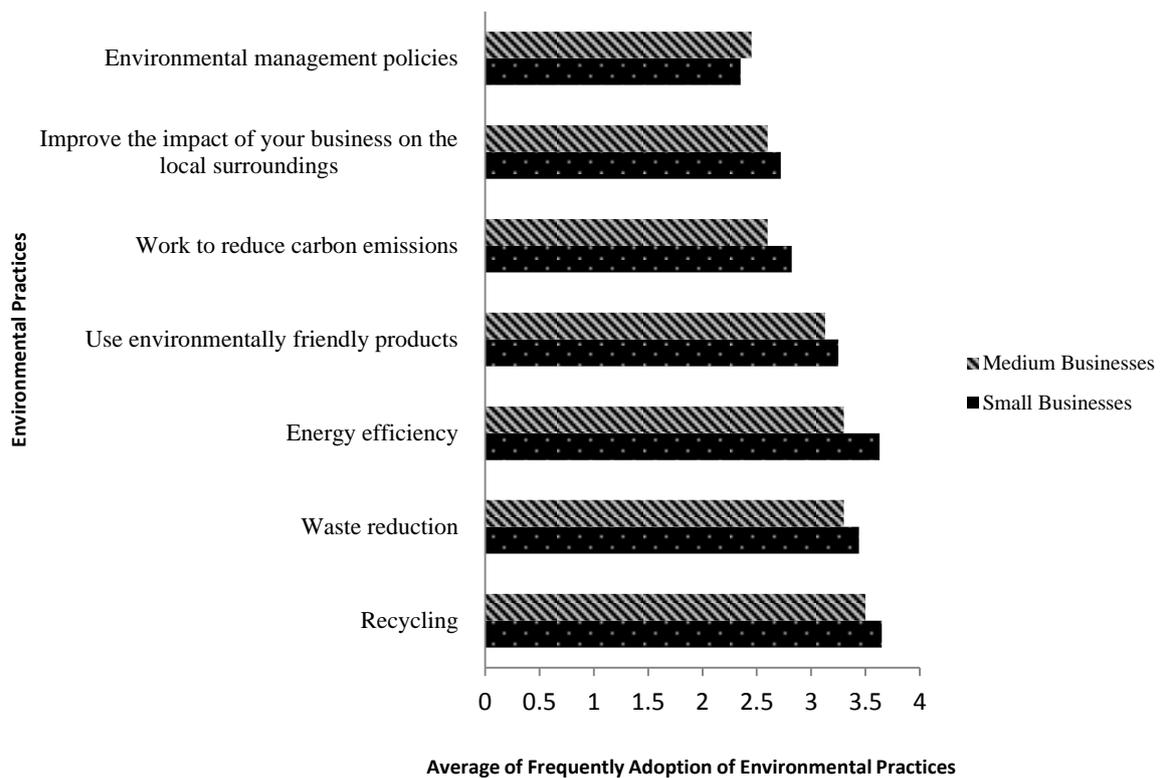
**Table 2 Hypothesis Testing of Social Practices between Small and Medium-sized Businesses**

Hypothesis	t-test for Equality of Means			
	t	df	Sig. (2-tailed)	Rejection or Acceptance
There is no significant difference in <b>sponsoring of clubs or community programs</b> between small and medium-sized businesses	-2.553	231	.011	Reject
There is no significant difference in <b>being active in community issues</b> between small and medium-sized businesses	-.605	231	.546	Accept
There is no significant difference in <b>being active in business associations</b> between small and medium-sized businesses	-2.004	231	.046	Reject
There is no significant difference in <b>sharing information with stakeholders</b> between small and medium-sized businesses	-2.545	229	.012	Reject
There is no significant difference in <b>including stakeholder concerns in business decisions</b> between small and medium-sized businesses	-1.851	229	.065	Accept
There is no significant difference in <b>creating awareness of social concerns within the business</b> between small and medium-sized businesses	-1.337	231	.182	Accept
There is no significant difference in <b>donating to community fund raising activities</b> between small and medium-sized businesses	-1.020	231	.309	Accept
There is no significant difference in <b>participating in regional committees of stakeholders</b> between small and medium-sized businesses	-2.152	230	.032	Reject
There is no significant difference in <b>holding an 'Open day' for public to visit</b> between small and medium-sized businesses	-.689	231	.491	Accept
There is no significant difference in <b>providing free technical assistance to local community or projects</b> between small and medium-sized businesses	-.870	231	.385	Accept
There is no significant difference in engaging in <b>socially responsible business operations</b> between small and medium-sized businesses	-1.235	231	.218	Accept
There is no significant difference in <b>allowing staff paid time off to participate in charitable activities</b> between small and medium-sized businesses	-.093	219	.926	Accept
There is no significant difference in <b>allowing staff time off to attend TAFE or University courses</b> between small and medium-sized businesses	-1.059	219	.291	Accept
There is no significant difference in <b>allowing staff to work flexible hours to fit their family circumstances</b> between small and medium-sized businesses	-.121	219	.904	Accept
There is no significant difference in <b>demonstrating willingness to provide congenial workplace conditions</b> between small and medium-sized businesses	-.992	219	.322	Accept
There is no significant difference in <b>demonstrating willingness to address staff remuneration issues</b> between small and medium-sized businesses	-.970	219	.333	Accept
There is no significant difference in <b>implementing socially inclusive employment policies</b> between small and medium-sized businesses	-1.549	219	.123	Accept

## Environmental Practices

Like social practices, the survey provides some evidence of the extent of activity related to environmental concerns. Figure 2 shows an average frequency of environmental practices that respondent businesses were engaged in.

**Figure 2 Environmental Practices of Respondents**



According to Figure 2, unlike with social practices, small businesses generally adopted environmental practices more than medium-sized businesses. For further evidence related to this finding, hypothesis testing was applied to compare different environmental practices between small and medium-sized businesses. Table 3 shows the result of this hypothesis testing to identify if there are any significant differences in environmental practices between small businesses and medium-sized businesses.

As shown in Table 3, there is a significant difference in adopting energy efficiency programs between small and medium-sized businesses. Small businesses engage in energy efficiency programs more frequently than medium-sized businesses.

**Table 3 Hypothesis Testing of Environmental Practices between Small and Medium-sized Businesses**

Hypothesis	t-test for Equality of Means			
	t	df	Sig. (2-tailed)	Rejection or Acceptance
There is no significant difference in <b>doing recycling programs</b> between small and medium-sized businesses	1.326	231	.186	Accept
There is no significant difference in <b>doing waste reduction programs</b> between small and medium-sized businesses	1.015	231	.311	Accept
There is no significant difference in <b>doing energy efficiency programs</b> between small and medium-sized businesses	2.859	231	.005	Reject
There is no significant difference in <b>using environmentally friendly products</b> between small and medium-sized businesses	.849	231	.397	Accept
There is no significant difference in <b>working to reduce carbon emissions</b> between small and medium-sized businesses	1.265	231	.207	Accept
There is no significant difference in <b>improving the impact of business on the local surroundings</b> between small and medium-sized businesses	.630	231	.529	Accept
There is no significant difference in <b>adopting environmental management policies</b> between small and medium-sized businesses	-.511	231	.610	Accept

## DISCUSSION

The strongest practices by SME businesses in this study were employee and local community-based social activities. The findings demonstrate that the willingness to provide congenial workplace conditions was the most commonly adopted social activity (average of 3.51) amongst Ballarat area's SME businesses. Also, respondent owner/managers frequently allowed their staff to work flexible hours to fit their family circumstances (average of 3.46). Moreover, implementing socially inclusive employment policies was another commonly used social activity (average of 3.30). For this purpose they recruited locally where possible, promoted healthy work practices, and encouraged the disadvantaged people to apply for jobs. It is apparent that donations to community fund raising activities was another commonly adopted social practice (average of 3.15), as 82.4% of the respondents usually donated and only 6% of them never engaged in this activity. Further, business owner/managers in the Ballarat area engaged in business operations that were socially responsible (average of 3.02). In other words, they bought fair trade tea and coffee, bought locally, developed products with social benefits, and conducted responsible advertising. These findings are in line with the corporate sustainability (or environmental management systems, EMS) approach set out by O'Laire and Welford (1996) and endorsed as a general management framework by Azapagic (2003). The significance of these findings is that SMEs in a regional setting do appreciate the many advantages, both in better competitive advantage and as good commercial citizens, but without a clear framework around which to build strategically these social activities.

The lack of any strategic framework is evident in other evidence from the findings that show weak social commitment. The SMEs in this study were not very active in holding open days (average of 1.56) as a high proportion of respondent owner/managers (67.8%) never held an open day for the public to visit their businesses, while another 15.5% seldom held such open days. Moreover, business owner/managers did not regularly participate in regional committees of stakeholders (average of 2.16). A further 35.2% of SME respondents never participated in regional committees of stakeholders and 26.2% of them seldom engaged in these committees. Also, only 12% of the respondents often participated in these committees. As well, the respondents (as commercial businesses) did not view community issues such as homelessness as of their concern (average of 2.30). They tended not to allow their staff paid time off to participate in charitable activities (average of 2.46). The research findings also show that including stakeholder concerns in business decision (average of 2.52) and sharing information with stakeholders (average of 2.57) were other social activities which were not regularly adopted by these owner/managers. From the evidence on social practices by the SMEs under investigation, their actions are not contradictory as it first seems. When the employee or community issue can be seen to be closely connected to their day-to-day commercial activities, these SMEs act as very good local-based citizens; yet, on a broader community perspective involvement with social activities is highly limited. This supports the view by Hass (1996) that SMEs have explicit or implicit management models that are unable to integrate their strong local support for what they perceive as worthy social (people) issues with a broader perspective of sustainability issues.

The findings in environmental practices reveal that recycling programs (average of 3.63) were frequently adopted by the respondents. They often recycled paper, donated computers, and avoided disposable goods. Also adopting energy efficiency programs (average of 3.58) was another environmental challenge that they dealt with. They turned down unnecessary heating, turned off equipment and lights, and monitored energy and water use. Furthermore, it was found that respondent businesses engaged in waste reduction activities (average of 3.41) such as adjusting printer settings to draft quality, avoiding duplication of papers at meetings, and donating to charity rather than sending Christmas cards. The adoption of low usage practices for non-renewable resources by the studied regional SMEs is consistent with the Jones and Welford (1997) study, and shows that these firms are responsive and flexible to environmental concerns in the manner described by Hawken (1993) and Sinha and Akoorie (2010). Using environmentally friendly products (average of 3.23) was another commonly adopted environmental activity they focused on. They usually used eco-cleaning products or products with minimal packaging and they often traded with green energy suppliers, reflecting close relations in their supply chain, as noted by Kerr (2006) and Aragon-Correa et al. (2008).

On the other hand, these studied SMEs also indicated some less adopted environmental activities. Environmental management policies (average of 2.37) was the least commonly used environmental practice by the respondent businesses. They rarely had a clear environmental policy with targets, nor would they communicate their environmental practices to customers, staff and suppliers, set up green teams, or observe ISO 14001 standard. Moreover, SMEs in Ballarat seldom improved the impact of their businesses on the local surroundings (average of 2.70). It means that they do not calculate and reduce carbon footprint and they do not seem to care about improving the external areas of their premises. As with social practices, the environmental practices of these SMEs were

built around direct and tangible reactions to ecological concerns that were expressed in the local community, rather than any totality of ecosystem engagement. Raynard and Forstater (2002) also recognised this approach in developing countries where the smaller firms are closely connected “on the ground” to their local regions, but weakly linked to a broad appreciation of the ecological system.

Despite strong links to social and environmental practices, the regional SMEs under investigation show no clear strategic path towards a broader sustainable development business strategy. This is a concern raised by Goldsmith and Samson (2006) in the context of business success. Their role as regional development agents towards BS is limited. As Noland and Phillips (2010) argue, “doing the right thing” is fine, but it is a deep engagement with stakeholders in sustainable practices that provides a strong movement forward to comprehensive BS. The regional SMEs in this study certainly understand about “doing the right thing”, but as Moyeen and Courvisanos (2012) note in their in-depth interview study on CSR (Corporate Social Responsibility) behaviour by seven firms in Ballarat region, there is the lack of understanding by these firms of the totality of BS engagement and an inability to pursue such a complete strategy due to lack of time, resources and the relative lack of appreciation that BS requires a system management approach which links to all stakeholders in the region and even to the “global village” (Rushton, 2002).

## **LIMITATIONS**

One of the limitations of this paper is related to its survey nature which is a self-assessment instrument. It is unavoidable that respondents answer the questions based on their perceptions and without any external help. Furthermore, there is a lack of statistical information and contact details on regional SMEs in Ballarat which forced the researchers to use the registered SMEs on the Manta website. However, the large number on the website ensures that this database is representative of the nature of SMEs in Ballarat. These limitations accentuate the need to determine whether replications of this survey in other Australian regional areas produce similar results, as repeated findings are required to increase the research validity (Lucas et al., 2009).

## **CONCLUSION**

The implications of this study are that for the Ballarat region’s SMEs, they can and do engage in several socially and environmentally friendly practices. SMEs in Ballarat are actively engaged in employee support and social inclusiveness with staff. Although Ballarat’s SMEs are not involved in some community issues such as homelessness regularly, they tend to be close to the local community, as they donate to community fund raising charities, buy and recruit locally. These findings support a study done by Lawrence et al. (2006) about sustainability practices of New Zealand’s SMEs.

In addition, it was found in this current study that the SMEs which were studied were active in the areas of recycling, energy efficiency, waste reduction and using environmentally friendly products. This supports the conclusion drawn in the study of Lucas et al. (2009) that as recycling and waste management are relatively low cost activities, so they are much more adopted by regional small businesses. Thus, regional aspect of SMEs makes these businesses highly reactive to the needs of the local community, both socially and ecologically.

Trainer (1998) argues that SMEs are in a unique position to be proactive and embrace sustainability practices as regional development agents leading the way to sustainable growth and development in a global village. However, such strong BS (business sustainability) approach is beyond the perceptual scope and limited resources of the small and medium-sized enterprises (SMEs) that exist in the regional city of Ballarat. It appears that Ballarat's SMEs fail to support many environmental management systems and policies, thus providing only a very limited role in improving the impact of the business environment on the local social and ecological surroundings, let alone the wider national and global environs.

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