



A Study On Sustainability Practices And Its Impact On Overall Organizational Performance In Small And Medium Sized Enterprises

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Abstract

Sustainability practices are very important for organizational growth and survival in the global market. This study helps to find out the application of sustainability practices used by different small and medium sized enterprises in the Mumbai region. This study also tries to find out the use of sustainability practices in environmental, economic and social sustainability.

All Multi national companies use sustainability practices as major tool to improve performance and remain competitive in global market by reducing their risk. Many multi national companies requires that small and medium sized enterprises(SMEs) also use sustainability which provides sub assemblies to them. Many SMEs used sustainability practices due to pressure for customers. Customers are now more responsible regarding sustainability and they are also ready to pay more for sustainable products. Many SMEs resist implementing sustainability practices because they think that these sustainability practices increase the overall cost of production which reduces profits and made difficult for them to survive in global competition. Sustainability practices are proved very beneficial for multi-national or large organizations for improvement in environmental, economic, and social sustainability. it is important to study that whether these sustainability practices are beneficial to SMEs.The researcher tries to find out the answer to this important question through this study.

Keywords: Sustainability, Sustainability Practices, Impact of Sustainability, Organizational Performance, SMEs

I. Introduction:

Small and medium sized enterprises(SMEs) plays very important role Indian economy. Many SMEs situated in rural areas which provide employment for the rural unskilled and semiskilled people and this helps to reduce economic disparities in rural and urban areas of India. SMEs gives equal economic development of India. SMEs provide sub part to the large organizations so large organization can speed up their production.SMEs required less capital which is suitable for Indian economy who having the scarcity of resources.SME is the sector which is the solution to the problem of poverty, insecurity, unemployment. Development of SMEs is necessary for social and economic development of India. India thinks to develop SMEs because they are the solution for new job creation.

Organization face many challenges due to shortage of resources and increased population, if organizations not used these resources with ethical manner then it hamper future of next generations hence organizational sustainability is very important issue in global competition. Organization now wants global attention for their organizational sustainability hence each organization try to obtain high rank in sustainability indices. Many organization use sustainable business practices this shows that organization not only think about the profit but also think about environmental, social and economical sustainability. Many organization which spending more on different sustainable practices can give better performance and increased profit. It is observed Organization which uses more sustainable practices are more successful in the market in long run. Organizational sustainability is very beneficial large scale organization for improvement in performance. Researcher want to know that organizational sustainability is beneficial to SMEs same as large organization for improvement in organizational and employee performance.

II. Need for the Study:

SMEs are very important for country like India. SMEs plays important role in employment generation in India. SMEs act as stabilizer for Indian economy. SMEs helps for reducing poverty by providing job opportunities to unskilled and semiskilled peoples. SMEs have many problems to survive in global market due to traditional business processes and lack of funds. Research in SMEs helps to remove their problems. sustainability practices helps for large organizations to improve performance. Very less research carried out on sustainability practices and that also related with large scale hence it is necessary to study sustainability practices in SMEs. There is paucity of research in this sustainability practices in SMEs area. Hence, it is need to study sustainability practices in SMEs.

III. Review of Literature:

Robert G.E. (2015) this research paper explained impact of organizational sustainability on organizational processes and performance. High sustainability companies having more distinct processes than low sustainability companies. High Sustainability Company's top management is more responsible for sustainable practices. High sustainability companies having long term approach and also disclose more non-financial information which is useful for all stakeholders. High sustainability companies focuses more on measurement. High sustainability companies perform more effectively than low sustainability companies in long term.

Joseph B. (2002) this research paper explained importance of sustainability. Sustainable organization strong institutionally, financially and morally. Sustainable organization have annual plan and annual budget. Sustainable organization have flexible business processes. Financial sustainability is also important to survive in global competition. Financial sustainability drives organization. Moral sustainability is very important for organization long term survival in global market. Sustainability is a never-ending organizational initiative.

J. Batch et al. (2014) Organization required to use organizational sustainability as main strategy to survive long term in the global competition. Organizational sustainability improve organizational performance ad also create reputation in the market. Organizational sustainability create brand of the organization. Customers become more loyal with such organization due to more consciousness of customers about environment and society. Organization can use this organizational sustainability to improve their competitive advantage in the market.

C. Darcy (2014) Organizations all over the world now understand the importance of organizational sustainability. Organization cant focus only on economical and organizational performance. Organization if want to sustain in the market required to give attention on organizational sustainability which consist three important pillars such as environmental sustainability, social sustainability and economical sustainability. organization focus on environmental sustainability due to legal compliance which is pressurized by government. Many models of sustainability which are used by large organization to achieve organizational sustainability are not useful for SMEs because SMEs have other issues than large organizations.

S. Lee (2020) Corporate sustainability become more important for the organization to survive and grow in the global market. corporate sustainability improves organizational environmental, social and economical sustainability. Social sustainability pillar of the corporate sustainability related with organization internal and external stakeholders it includes relation with employees, partners, suppliers, vendors, shareholders etc. Organization performance is directly related with employees performance. Employees satisfied in the organization when they feel that they are working in better ethical environment and have good relation with

leaders. These satisfied employees work with more commitment gives higher performance which improves overall organizational performance.

R.Masocha(2018)This study explained relation between environmental sustainability and organizational performance.This study considered organizational performance in terms of innovation,social and ecological performance. Many studies carried out on this area but influence of environment sustainability on organizational performance is not clear hence researcher takes this area for study. Many research carried out on large scale organization but results of large scale organizations are not useful for SMEs. This study found that SMEs innovation, social and ecological performance is positively related with environmental sustainability of the SMEs.

IV. Research Methodology:

Descriptive research design is adopted to take over this study under survey method.The primary data is collected from 86 top managers of 86 SME's in Mumbai region with the help of purposive sampling method. Various books and internet sources along with journals in the area of production and industry analysis are used as secondary data sources. Primary data was measured on five point Likert scale for conversion of qualitative information in quantitative. Inferential estimations of statistical relationships among dependent and independent variable was done using SPSS software.

Objectives:

1. To find out the level of importance for implementation of sustainability practices among top management of SME's for Environmental, Financial and Social Sustainability.
2. To study the relation between implementation of sustainability practices and employee performance in small and medium sized enterprises

Hypotheses:

1. H_01 = Manufacturing SMEs in Mumbai region do not give importance for the implementation of sustainable practices in their organization
 H_{a1} = Manufacturing SMEs in Mumbai region gives importance for the implementation of sustainable practices in their organization
2. H_02 = Employee performance is not significantly dependent on the implementation of sustainability practices in Manufacturing SMEs
 H_{a2} = Employee performance is not significantly dependent on the implementation of sustainability practices in Manufacturing SMEs

V. Data Analysis and Interpretations

Descriptive Analysis

Descriptive analysis is important to find demographic information of the respondents. This analysis gives information about different aspects of the respondents.Out of a total 86 SMEs 42 are small enterprises and 44 are medium sized enterprises.Out of 86 SMEs 20 are sole proprietorship. 28 are partnership Firm and 38 are private limited firms. Out of total 86 SMEs 18 SMEs have employees up to 20. 29 SMEs have employees between 20 to 50. 11 SMEs have employees number between 50 to 100 an 15 SMEs have employees between 100 to 200. 13 SMEs have employees more than 200.

Out of a total 86 respondents from SMEs 36 respondents are Managing director.16 respondents are founder and 10 respondents are HR manager which handles sustainability practices.24 respondents are plant head.Out of 86 SMEs 61 SMEs are producing Automobiles and Auto components. 4 SMEs producing Electronics and Electrical components.8 producing Health and Pharmaceuticals products. 2 SMEs working in Construction and Real Estate area.4 SMEs produce Food and Agricultural product. 4 SMEs working in Plastic and Molding & Processing and 3 SMEs working in Coating & Painting area.

Analysis of Objectives

1. To find out the level of importance for implementation of sustainability practices among top management of SME's for Environmental, Financial and Social Sustainability.

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Importance given for incorporating sustainability strategy	86	3	5	4.57	.564	.319
Importance to protect the environment in company philosophy	86	3	5	4.56	.566	.320
Importance of sustainable practices to be competitive	86	3	5	4.58	.563	.317
Valid N (listwise)	86					

One-Sample Test						
	Test Value = 30					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Importance given for incorporating sustainability strategy	-417.805	85	.000	-25.430	-25.55	-25.31
Importance to protect the environment in company philosophy	-417.012	85	.000	-25.442	-25.56	-25.32
Importance of sustainable practices to be competitive	-418.784	85	.000	-25.419	-25.54	-25.30

Estimation of t-statistics is indicating that there is no difference between mean scores of all three variables describing the level of importance for implementation of sustainability practices among top management about Environmental, Financial and Social Sustainability in SME's of Mumbai region. Top management of SME's in Mumbai thinks that the implementation of sustainability practices will help to remain competitive with highest mean score.

2. To study the relation between implementation of sustainability practices and employee performance in small and medium enterprises

Correlations							
		Importance given for incorporating sustainability strategy	Lost man days due to accident are decreased	Employee productivity is increased	Employee safety is increased	Employee satisfaction is increased	Employee retention is increased
Importance given for incorporating sustainability strategy	Pearson Correlation	1	.022	.157	.077	.025	.173
	Sig. (2-tailed)		.036	.049	.031	.002	.032
	N	86	86	86	86	86	86
Lost man days due to accident are decreased	Pearson Correlation	.022	1	.390	.663	.481	.721
	Sig. (2-tailed)	.004		.000	.000	.000	.000
	N	86	86	86	86	86	86
Employee productivity is increased	Pearson Correlation	.157	.390	1	.680	.485	.388
	Sig. (2-tailed)	.003	.000		.000	.000	.000
	N	86	86	86	86	86	86
Employee safety is increased	Pearson Correlation	.077	.663	.680	1	.739	.715

	Sig. (2-tailed)	.004	.000	.000		.000	.000
	N	86	86	86	86	86	86
Employee satisfaction is increased	Pearson Correlation	.025	.481	.485	.739	1	.654
	Sig. (2-tailed)	.034	.000	.000	.000		.000
	N	86	86	86	86	86	86
Employee retention is increased	Pearson Correlation	.173	.721	.388	.715	.654	1
	Sig. (2-tailed)	.011	.000	.000	.000	.000	
	N	86	86	86	86	86	86

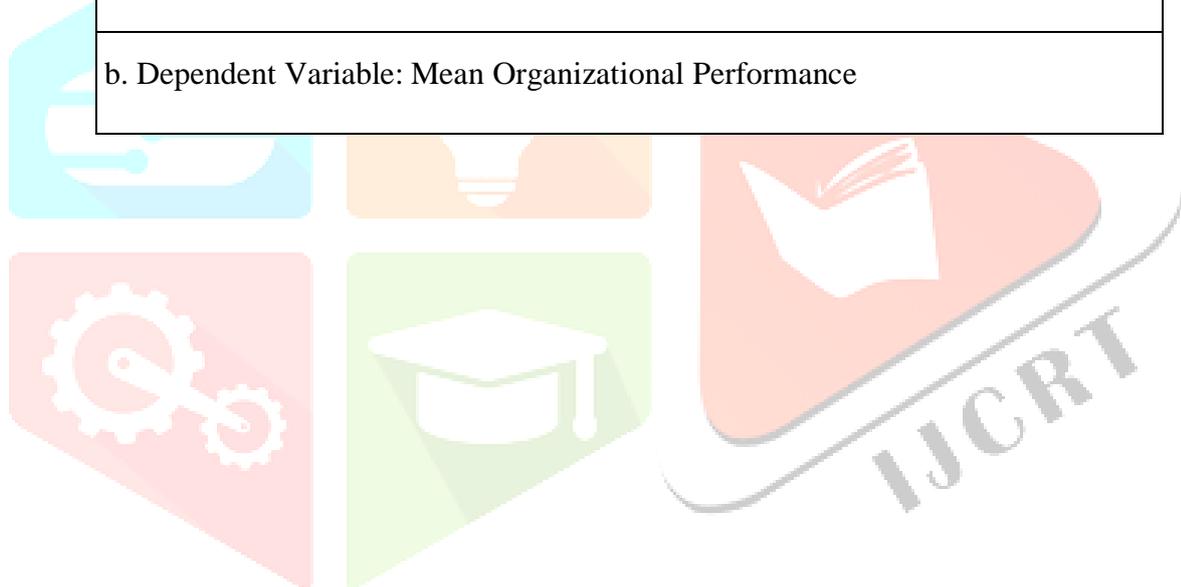
Pearson's correlation test is used to validate the statistical relationship between implementation of sustainability practices and employee performance in small and medium enterprises. Correlation values in table mentioned below shows the percentage change in the dependent variable with respect to unit change in the independent variable. five variables measuring employee performance of SMEs is correlated with Importance given for incorporating sustainability strategy. The correlation table above indicates that there is significant positive correlation between implementation of sustainability practices and employee performance in small and medium enterprises with all alpha values less than 0.05

Testing of Hypothesis

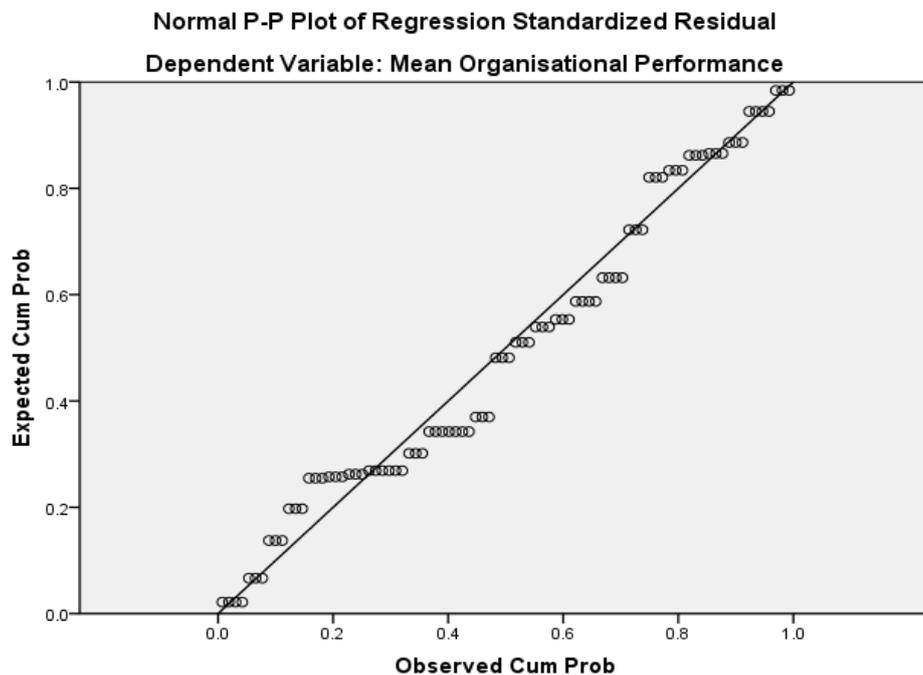
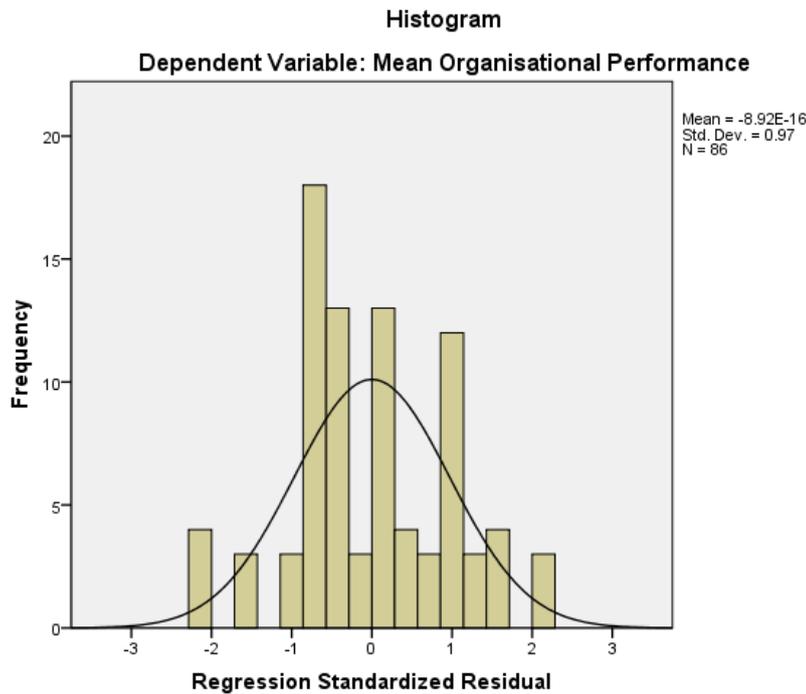
1. H_0 = Overall organizational performance is not significantly dependent on the implementation of environmental, financial and social sustainability practices
 H_a = Overall organizational performance is significantly dependent on the implementation of environmental, financial and social sustainability practices

Model Summaryb										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.699	.489	.457	.269	.489	15.322	5	80	.000	1.844
<p>a. Predictors: (Constant), Consumption of natural resources has decreased, Implementation of Social sustainability practices like Employee Safety, Employee Welfare and Employee Health care, Implementation of Environmental Sustainability through Green Production, Less Pollution, Sustainable Energy, Pollution emission has decreased, Implementation of Financial sustainability practices like Reuse of Raw Material, Cost Cutting and Use of Sustainable Energy</p>										
<p>b. Dependent Variable: Mean Organizational Performance</p>										

ANOVA ^b						
Model		Sum Squares	of df	Mean Square	F	Sig.
1	Regression	5.555	5	1.111	15.322	.000 ^a
	Residual	5.800	80	.073		
	Total	11.355	85			
<p>a. Predictors: (Constant), Consumption of natural resources has decreased, Implementation of Social sustainability practices like Employee Safety, Employee Welfare and Employee Health care, Implementation of Environmental Sustainability through Green Production, Less Pollution, Sustainable Energy, Pollution emission has decreased, Implementation of Financial sustainability practices like Reuse of Raw Material, Cost Cutting and Use of Sustainable Energy</p>						
<p>b. Dependent Variable: Mean Organizational Performance</p>						



Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.881	.240		7.835	.000
	Implementation of Environmental Sustainability through Green Production, Less Pollution, Sustainable Energy	.070	.071	.169	.992	.024
	Implementation of Financial sustainability practices like Reuse of Raw Material, Cost Cutting and Use of Sustainable Energy	.115	.078	.250	1.463	.047
	Implementation of Social sustainability practices like Employee Safety, Employee Welfare and Employee Health care	.073	.064	.129	1.143	.257
	Pollution emission has decreased	.105	.074	.195	1.413	.012
	Consumption of natural resources has decreased	.068	.055	.139	1.224	.024
a. Dependent Variable: Mean Organizational Performance						

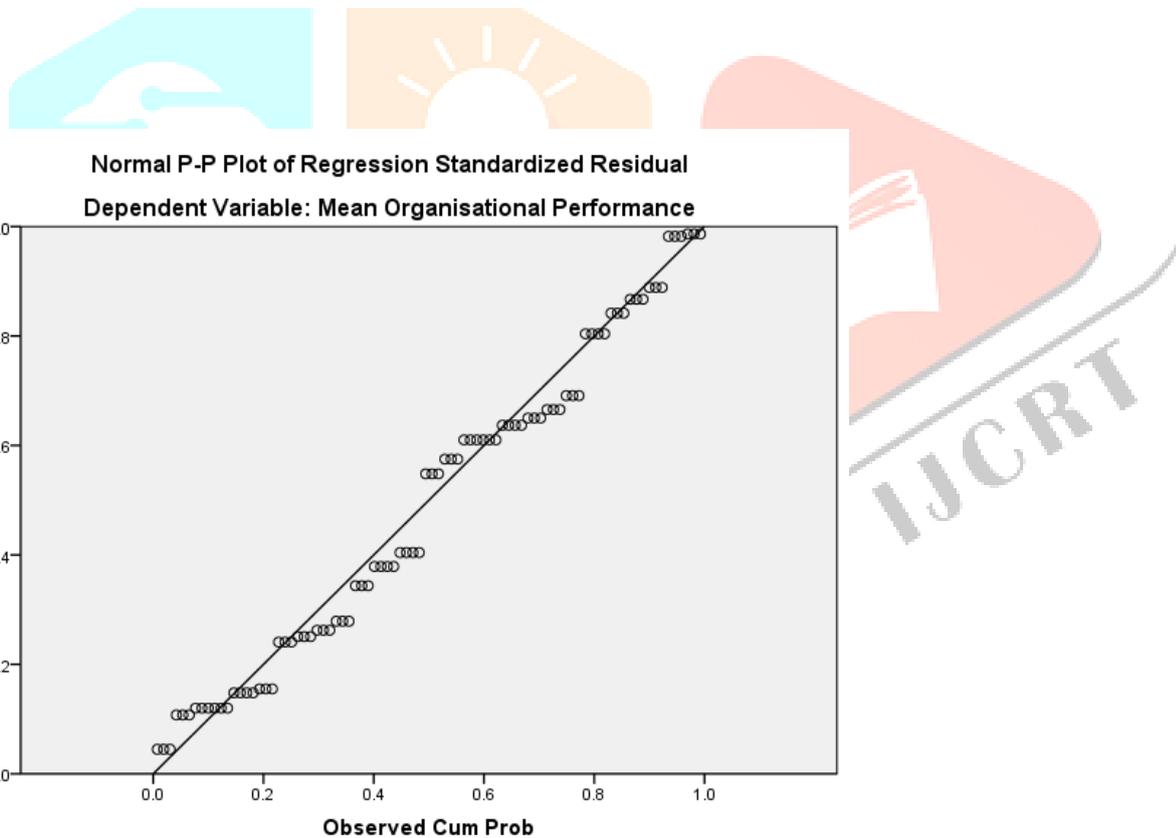
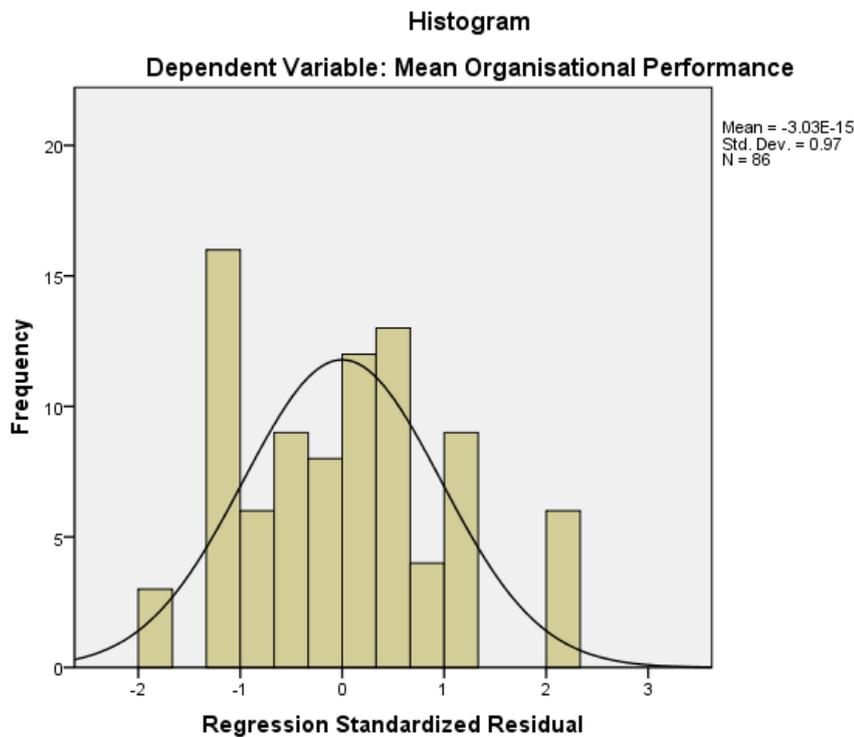


Regression analysis was estimated to test the dependency relationship among variable hypothesized. ANOVA table describes the relation between Dependent Variable mean organizational performance and the predictors are Consumption of natural resources has decreased, Implementation of Social sustainability practices like Employee Safety, Employee Welfare and Employee Health care, Implementation of Environmental Sustainability through Green Production, Less Pollution, Sustainable Energy, Pollution emission has decreased, Implementation of Financial sustainability practices like Reuse of Raw Material, Cost Cutting and Use of Sustainable Energy. The significant f-statistics indicates that the mean organizational performance is dependent on the implementation of environmental, financial and social sustainability practices

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.827	.685	.665	.212	.685	34.753	5	80	.000	2.229
a. Predictors: (Constant), Company started saving on overall maintenance expenses, Energy requirements has decreased, Company became self-sustained for natural resources, The operating profit of the company became healthy, Cost of production has decreased										
b. Dependent Variable: Mean Organisational Performance										

ANOVA ^b						
Model		Sum Squares	of df	Mean Square	F	Sig.
1	Regression	7.775	5	1.555	34.753	.000 ^a
	Residual	3.580	80	.045		
	Total	11.355	85			
a. Predictors: (Constant), Company started saving on overall maintenance expenses, Energy requirements has decreased, Company became self-sustained for natural resources, The operating profit of the company became healthy, Cost of production has decreased						
b. Dependent Variable: Mean Organizational Performance						

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.127	.209		5.385	.000
	Energy requirements has decreased	.197	.036	.407	5.527	.000
	Company became self-sustained for natural resources	.326	.049	.509	6.661	.000
	The operating profit of the company became healthy	.020	.046	.034	.428	.070
	Cost of production has decreased	.123	.046	.240	2.662	.009
	Company started saving on overall maintenance expenses	.078	.048	.145	1.638	.005
a. Dependent Variable: Mean Organizational Performance						



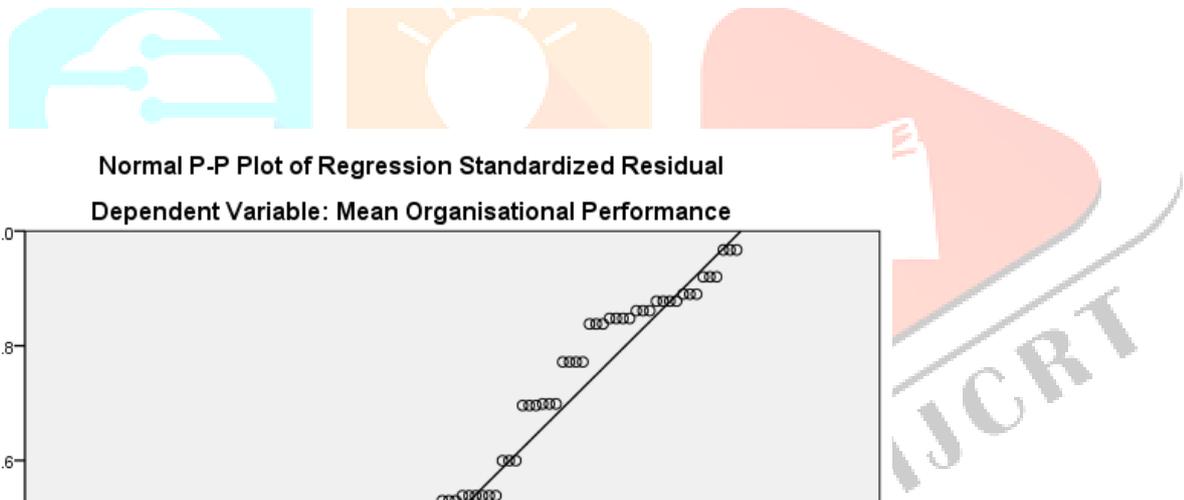
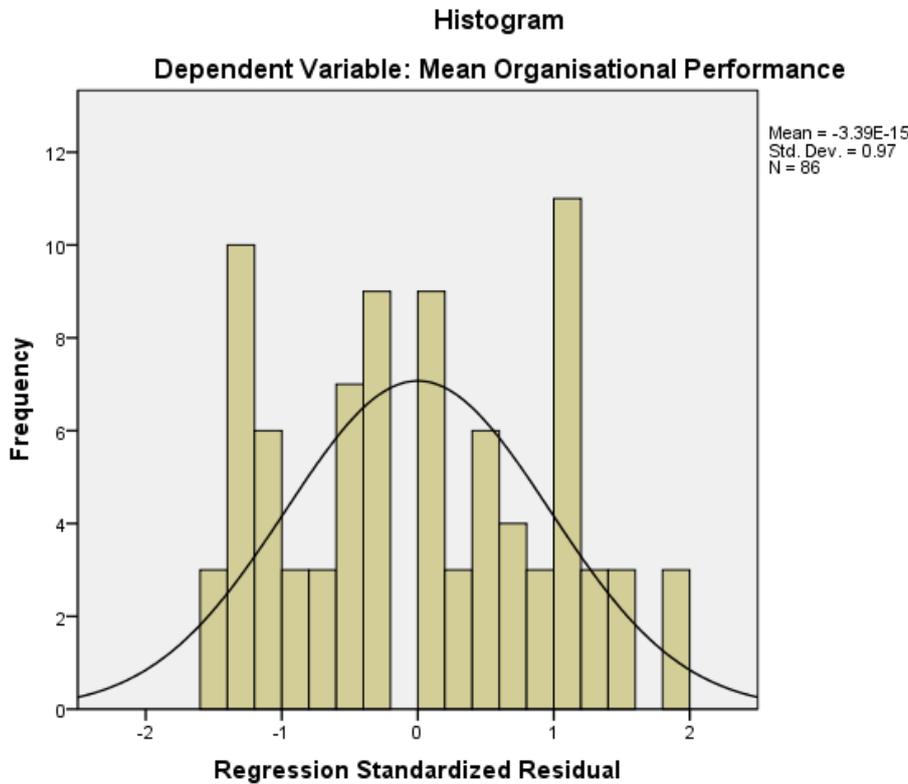
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Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.871	.759	.744	.185	.759	50.436	5	80	.000	1.920
a. Predictors: (Constant), Employee satisfaction is increased, Energy and electricity expenses are decreased, Lost man days due to accident are decreased, Employee productivity is increased, Employee safety is increased										
b. Dependent Variable: Mean Organisational Performance										

ANOVA ^b						
Model		Sum Squares	of df	Mean Square	F	Sig.
1	Regression	8.620	5	1.724	50.436	.000 ^a
	Residual	2.735	80	.034		
	Total	11.355	85			
a. Predictors: (Constant), Employee satisfaction is increased, Energy and electricity expenses are decreased, Lost man days due to accident are decreased, Employee productivity is increased, Employee safety is increased						
b. Dependent Variable: Mean Organisational Performance						

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.347	.148		9.115	.000
	Energy and electricity expenses are decreased	.227	.031	.462	7.379	.000
	Lost man days due to accident are decreased	.088	.034	.197	2.568	.012
	Employee productivity is increased	.035	.036	.075	.956	.042
	Employee safety is increased	.148	.059	.282	2.514	.014
	Employee satisfaction is increased	.120	.048	.209	2.500	.014
b. Dependent Variable: Mean Organisational Performance						



Regression analysis was estimated to test the dependency relationship among variable hypothesized. ANOVA table describes the relation between Dependent Variable mean organizational performance and the predictors are Employee satisfaction is increased, Energy and electricity expenses are decreased, Lost man days due to accident are decreased, Employee productivity is increased, Employee safety is increased. The significant f-statistics indicates that the mean organizational performance is dependent on the implementation of environmental, financial and social sustainability practice.

VI. Findings Conclusion and Discussion:

It is found in this study that the top management of SME's in Mumbai region know the importance of incorporating sustainability practices. Top management give importance to protect environment and also know that sustainability helps to improve competitiveness. It is also found that there is significant positive correlation between implementation of sustainability practices and employee performance in small and medium enterprises. The research also concluded that Overall organizational performance is dependent on the the implementation of environmental, financial and social sustainability practices. The geographical region and the size of companies also can be studied individually in further research studies.

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