



## Environmental sustainability and their factors in SMEs: A multiple case study of Spain and Chile

### *La sostenibilidad medioambiental y sus factores en las PYMES: Un estudio de casos múltiples en España y Chile*

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#### ABSTRACT

Environmental Sustainability (ES) is a growing concern for society's development while identifying companies' need to define sustainability-based strategies. Small and medium-sized enterprises (SMEs) have an essential role; generating more than 60% of employment in Europe and Latin America. Numerous research exists regarding large companies' situation on environmental topics, yet little exists on SMEs at the practical and theoretical levels. Thus, determining the variables that affect the application of ES is very relevant. This study analyzes in-depth ES factors and drivers from the SMEs' perspective, exploring the variables influencing their implementation in these companies. The methodology employed is in-depth interviews, applied to a sample of 17 SMEs in Spain and 25 SMEs in Chile. The main findings suggest that Entrepreneurial Orientation (EO), Customer Orientation (CO), and Corporate Social Responsibility (CSR) influence ES adoption in both countries, showing similarities in the driving reasons behind them, but with certain differences in their implementation (affected by institutional context influences). Furthermore, the level of knowledge affects decision-making related to the development of high-level environmental practices.

**Keywords:** Environmental sustainability, customer orientation, corporate social responsibility, entrepreneurial orientation, SMEs.

#### RESUMEN

La Sostenibilidad Medioambiental (SM) es una preocupación creciente para el desarrollo de la sociedad mientras se identifica la necesidad de que las empresas definan estrategias basadas en la sostenibilidad. Las Pequeñas y Medianas Empresas (PYMES) tienen un papel fundamental; el sector genera más del 60% del empleo en Europa y América Latina. Existen numerosas investigaciones científicas sobre la situación de las grandes empresas en temas medioambientales, sin embargo, la literatura sobre PYMES es escasa a nivel práctico y teórico. De esta manera, determinar las variables que afectan a la aplicación de SM es muy relevante. Este estudio analiza en profundidad los factores e impulsores de la SM desde la perspectiva de las PYMES, explorando las variables que pueden influir en su implementación en estas empresas. La metodología empleada son entrevistas en profundidad, aplicadas a una muestra de 17 directores de PYMES españolas y 25 directores de PYMES Chilenas. Los principales hallazgos sugieren que la Orientación Emprendedora (OE), la Orientación al Cliente (OC) y la Responsabilidad Social Corporativa (RSC) influyen en la adopción de la SM en ambos países, manifestando similitudes en los motivos que las impulsan en ambos países, pero ciertas diferencias en su ejecución, donde influye el contexto institucional. Adicionalmente, el nivel de conocimiento afecta la toma de decisiones relacionada con el desarrollo de prácticas medioambientales de alto nivel.

**Palabras clave:** Sostenibilidad medioambiental, orientación al cliente, responsabilidad social corporativa, orientación emprendedora, PYMES.

## 1. INTRODUCTION

Concern on the planet's environmental situation has become relevant to society, industry, governments, and policy-makers (Sarkis and Zhu 2018). In this way, the 17 *Sustainable Development Goals* (SDP) establish the *Sustainable Agenda for 2030*, bringing forth the relevance of environmental and social aspects (United Nations 2015). Moreover, the European Union's (EU) *Sustainable Development Strategy 2020* tackles environmental issues such as sustainable transportation, sustainable consumption and production, conservation, and natural resources management (European Commission 2018).

Hence, companies have a great responsibility as the environment suffers from externalities caused by business operations, such as waste and pollution (Jiménez-Parra *et al.* 2018). Thus, companies must be capable of balancing their economic, social, and environmental aspects regarding their growth and development (Schaltegger and Burritt 2005), balancing the use of resources to avoid over-exploitation and ensure their continuity. Over-consumption and environmental degradation have resulted in public-calls transitioning towards a more sustainable society and economy (Adams *et al.* 2016), including *Environmental Sustainability* (ES) as a decisional factor to enhance sustainable growth (Roxas *et al.* 2017; Danso *et al.* 2019). Thusforth, understanding the factors that influence ES adoption in company strategy is primordial for implementing sustainable strategies.

The literature on environmental topics is broad, and its scope overlaps different disciplines of knowledge. Most studies focus on the situation of large companies in different sustainability application areas, such as environmental aspects (Hörisch, Ortas, Schaltegger and Álvarez 2015), production (Cohen and Muñoz 2016), customer orientation and proposal value (Urbinati *et al.* 2017), and Corporate Social Responsibility (Quarshie *et al.* 2016).

In contrast, research in SMEs is underestimated when compared to large industries (Brammer *et al.* 2012), yet their estimated impact on environmental pollution borders 70% (Reyes-Rodríguez *et al.* 2016). Governments and policy-makers do not often address SMEs' responsibility in environmental degradation due to their small size. Morsing and Perrini (2009) summarize this historical problem: "the smallness of the individual SMEs is not proportional to the collective grandness of SMEs".

Nonetheless, SME literature on environmental issues has gradually grown in the last years, revealing different aspects that influence environmental practices adoption than large companies (Hörisch, Johnson and Schaltegger 2015). Manager values and perception of economic advantages (Chassé and Courrent 2018), dynamic capabilities (Eikelenboom and de Jong 2019), and stakeholders pressure (Tyler *et al.* 2020) are all different aspects to consider. Although SMEs' environmental literature has emerged in recent studies, there is still a lack of explorative studies that analyze their environmental situation, while considering specific countries, locations, and sectors (Bakos *et al.* 2020).

Thus, this research aims to contribute, by identifying the influence factors that affect ES adoption in two countries; Spain and Chile. SMEs represent 99.83% of companies in the former, generating 71.9% of employment (Ministerio de Industria – Comercio y Turismo 2019) while representing 97% of all compa-

nies and 70% of total jobs in the latter (Ministerio de Economía, Fomento y Turismo 2019).

In the environmental aspect, Spain is under the EU's strong environmental framework (European Commission 2018). In contrast, Chile is one South American country with a strong recently-enacted waste legislation (Ministerio del Medio Ambiente 2016). Therefore, this research compares the environmental reality of two OECD countries with different social and cultural characteristics.

To this end, relevant literature regarding ES antecedents under the framework of resource and capabilities theory was reviewed (Wernerfelt 1984, Teece *et al.* 1997), focusing on three factors; Customer orientation (CO), Corporate Social Responsibility (CRS), Entrepreneurial Orientation (EO). Then, multiple case studies through in-depth interviews to examine and analyze these factors' effects on ES was undertaken. This method is justified by its strength to seek new knowledge and insights to provide analytical generalization possibilities (Piekkari *et al.* 2009). The research findings can shed light on implementing environmental initiatives at the strategic level (Reyes-Rodríguez *et al.* 2016).

The article is structured in the following manner: Section 2 presents a literature review regarding the ES concept, and discusses the potential antecedents on the adoption of ES application from SMEs; Section 3 describes the methodology, the sample, the data collection process, and analysis methods; Section 4 shows the results; Section 5 presents the findings of the study and their implications for SME management and policy-maker decisions. Lastly, the limitations and future research lines are presented.

## 2. THEORETICAL BACKGROUND

### 2.1. From resources, capabilities and stakeholders to SMEs Environmental Sustainability

Sustainability is an expression of balance achievement. The concept represents "the development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development 1987). The central issue is the balanced and systemic integration of intra and inter-generational economic, social, and environmental performance (Geissdoerfer *et al.* 2017).

This research considers the environmental perspective of sustainability or the development of sustainable levels of consumption and production and the maintenance of natural capital as a complement to human capital (Goodland 1995). Their conceptualization states the balance and resilience in resource-use without affecting an ecosystem's stability (Morelli 2013). From the companies' perspective, this definition denotes the importance of resources management, which is crucial for SMEs to achieve ES.

Regarding those mentioned above, the present study uses the Resource-Based-View (RBV) and the Stakeholder theory as theoretical frameworks to understand the different factors that contribute to ES adoption. The RBV theory sustains that the competitive advantages are derived from the resources and ca-

pabilities that are valuable, rare, imperfectly imitable, and not substitutable (Wernerfelt 1984; Barney 1991). RBV posits that competitive advantage depends on the possession of unique and differentiating resources and the ability to combine them and transform them into organizational capabilities (Wernerfelt 1984; Barney 1991, 1996).

RBV in SMEs is critical, considering their well-known limited human and financial resources (Hitchen *et al.* 2017) and managerial competence (Lara and Salas-Vallina 2017). Understanding ES as a potential competitive advantage, its engagement in SMEs depends on the combination of financial, technical, managerial resources and the ability to combine them (Ayuso and Navarrete-Báez 2018). Hence, RBV can be a natural base fit for the environmental dimension of sustainability.

In retrospect, stakeholder theory represents the guide to structure the companies' operation, considering the actors with a specific stake in the process (Donaldson and Preston 1995). In SMEs, stakeholder theory presents limitations in the SMEs' scope, due to prioritizing their profit margins and discretionary stakeholder's economic expectations (Sen and Cowley 2013). Their extension to social or environmental is related to their organizational capabilities (Martínez-Martínez *et al.* 2017). The evidence in environmental topics suggests the relevance of strategic manager behavior with their stakeholders (Hadj 2020) and the importance of stakeholder's pressure for SMEs environmental responsibility (Sáez-Martínez *et al.* 2016; Scuotto *et al.* 2020). These antecedents link the two reference frames to approach ES in SMEs.

## 2.2. Environmental sustainability in SMEs: antecedents, evidence, and enablers

All society statements have an environmental responsibility to comply, and SMEs are not the exception. However, it has not been a permanent priority in its development. Environmental management is a developing field in SMEs, where the literature has been growing recently, where strategic orientation can become crucial in their commitment to ES (Jansson *et al.* 2017). These strategic behaviors bring benefits to these companies. Malesios *et al.* (2018) found a positive association between ES practices and economic indicators, improving customer performance. Yet, how do these companies achieve these benefits?

To approach this question, it is necessary to analyze how SMEs develop and implement environmental practices. Sáez-Martínez *et al.* (2016) state that energy-saving, reducing waste, saving materials, saving water, recycling, and renewable energy are relevant practices to SMEs' environmental improvement. Reyes-Rodríguez *et al.* (2016), in a longitudinal study of 14 years, identifies and evaluates ten environmental initiatives that SME can adopt —with positive effects—, such as reducing costs and competitive advantage development; 1) environmental audit system, 2) a written environmental policy, 3) written environmental strategy, 4) regular audits of environmental goals, 5) set specific environmental goals, 6) assignation of responsibility for carrying out environmental strategy, 7) publication of a separate environmental report, 8) drawing up environmental accounts/audit, 9) quantitative measurement of key environmental indicators, 10) Certification according to ISO 14000. Accomplishing

the environmental practices with supply chain connectivity has a significant influence on environmental performance (Shibin *et al.* 2020). Moreover, implementing these practices implies adopting Circular Economy principles contributing to recycling, reusing, and reducing resources (Oncioiu *et al.* 2018).

Despite these examples, it is impossible to ignore SMEs' limitations. A literature review of 175 articles about barriers to sustainability at a worldwide level performed by Álvarez Jaramillo *et al.* 2019 synthesizes the most frequent obstacles such as lack of resources, the high initial capital cost in implementing measures, and lack of expertise. Moreover, this study identifies a clear imbalance in research publications production; the highest being in Europe and Asia. In contrast, Latinamerica's evidence is limited to Brazil and Uruguay. In this sense, a conditional moderator to achieve positive results is the managerial discretion of SMEs Managers/CEO/Owners as a catalyst and promoter of ES adoption in the organization (Eweje 2020).

Moreover, ES is not only an internal topic. Stakeholders exert different pressures, from customer importance to environmental legislation's rigor (Hoogendoorn *et al.* 2015). These examples demonstrate the broader influence factors. Henceforth, this research selected three factors that influence ES adoption: Entrepreneurial Orientation (EO), Corporate Social Responsibility (CSR), and Customer Orientation (CO).

The first factor, EO, represents a good approximation of the SMEs' behavior and their vision about the market (Avlonitis and Salavou 2007); considered a driver affecting SMEs' survival and growth (Alvarez-Torres *et al.* 2019). SMEs with a proactive entrepreneurial orientation stance are more inclined to environmental concerns and practices into their organizational activities (Roxas and Coetzer 2012). In lieu, when these companies have a high EO level, and present stakeholder integration, it amplifies their environmental orientation (Amankwah-Amoah *et al.* 2018).

The second factor, CO, is essential for SMEs; companies need to have continuous information to differentiate their offer and take market decisions (Keh *et al.* 2007). Hart and Dowell (2011) affirm that by connecting with their external stakeholders (customers), SMEs can get into the "voice of the environment" to pursue their environmental strategies. Therefore, CO development in SMEs is a critical source of knowledge and contributes to attending to their external stakeholders sustainably (Lee *et al.* 2021).

Regarding the relationship between CSR and SMEs, there is a lack of consensus about SMEs' managerial tools and opportunities derived from CSR (Russo and Perrini 2010). An example of this situation is if SMEs can benefit from positive effects as a reputational liability —considering they are less exposed than large companies— (Graafland 2018). However, the evidence in the last years considers CSR as the entrance bridge to environmental concerns and an enabler for SMEs environmental management in their production process (Hadj 2020). Moreover, the result of a systematic literature review on CSR issues on SMEs (Ortiz-Avram *et al.* 2018) suggests that effective CSR implementation is associated with developing and implementing environmental practices. Due to their direct association to ES, these strategic enablers will be analyzed in the following sub-sections.

### 2.3. Entrepreneurial orientation: The attitude of managers towards ES

Entrepreneurial orientation (EO) summarizes the style, decisions and actions in developing a company's business strategy (Zhai *et al.* 2018). The empirical evidence suggests a positive relationship between EO and organizational performance, improving SMEs' competitiveness. For example, Covin and Lumpkin (2011) point out that an entrepreneurial approach is more receptive to external environment changes, reflected on being innovative, proactive, and having more risky business models than companies that do not adopt this approach. Covin and Miller (2014) explain that Resources-Based-Value (RBV) theory and capabilities perspective may enhance EO relationship outcomes in SMEs, as these can increase company resources and capabilities. Moreover, the study of Wales, Gupta and Mousa (2013) brings to light the importance and validity of EO as a key variable that affects different company outcomes.

Thus, there is evidence that shows that EO influences ES. Hall, Daneke and Lenox (2010) states that entrepreneurship conducts a relevant role in ES development. In this way, Marshall *et al.* (2015) state that a high EO level positively influences the creation of high-order ES practices. For example, Klewitz and Hansen (2014), through a systematic review based on 84 key journal articles on sustainability, found different sustainability profile behaviors based on the following attitudes: innovative, risk-taker, and proactive. In this regard, (Jansson *et al.* 2017) show that a proactive attitude is a condition for sustainability. In retrospect, a risk-taking attitude has no significant direct relationship to the commitment towards sustainability; this might be due to the popular vision that sustainability is an undesirable risk as there are other more profitable areas for SMEs to develop and exploit.

However, despite this evidence, the nature of EO's role and impact on sustainability remains largely undefined in terms of society. Johnson and Schaltegger (2016) mention that the scarce research about EO and the SMEs entrepreneurial profile in ES remains an open-ground for research opportunities. Hence, EO in SMEs deserves to be analyzed.

### 2.4. Customer orientation: The companies' role and customer behavior on ES

Customer orientation (CO) is a set of beliefs that consider the customer's interest first while not excluding all other stakeholders (owners, managers and employees) to develop long-term company profitability (Deshpande *et al.* 1993). CO is regarded as a strategic orientation that reflects the firm's ability to create and deliver superior customer value by processing market intelligence (Racela 2014), prioritizing the customer needs. Consequently, the importance of environmental aspects depends on the company's priorities.

Evidence of this relationship suggests a positive correlation. Piercy *et al.* (2002) posit that customer orientation is a long-term strategy that can generate competitive advantages, which can be fundamental for ES prospection in the short and long-term. Regarding this increasing environmental concern, customers' focus is crucial to achieving a commitment towards ES, generating

business opportunities (Jansson *et al.* 2017) and translating into performance improvement (Pekovic and Rolland 2016).

CO role in SME development is relevant; Villanueva *et al.* (2010) found CO essential to SMEs' success, where a company focuses on customers to know their current and future needs, and quickly respond while coordinating their actions through CO. In this regard, Peña *et al.* (2016) raise the importance for SMEs to have information that allows them to adjust to consumers' expectations by using market information for designing their strategies.

Regarding the potential benefits to SMEs, the relationship with ES has other considerations. Hosseininia and Ramezani (2016) research in SMEs from the food sector highlights that CO has an important effect in environmental management only if the customer has confidence in the SME. In lieu, Jansson *et al.* (2017) state that customer commitment to environmental strategies is essential. However, the dimensionality of customer role is an aspect that requires more information about their practical effects on SMEs' environmental consideration (Klewitz and Hansen 2014).

### 2.5. Corporate social responsibility: The difficulties in their implementation

CSR's primary purpose is to make business activity and corporate culture sustainable in the economic, social, and ecological aspects (Reverte 2016), a behavior widely associated with large companies and linked with sustainability aspects. (Melissen *et al.* 2018) suggest that when companies develop their social responsibility, they are more effective in contributing to sustainable development.

For SMEs, CSR has an important role in increasing competitiveness (Turyakira *et al.* 2014). Madueño *et al.* (2016) research show that CSR practices contribute to increasing competitive performance—directly and indirectly—through these organizations' ability to manage their stakeholders.

In environmental topics, Bevan and Yung (2015) explain that CSR in SMEs is a condition for sustainable environmental and economic development, and a strategic tool to compete in a business environment (Deborah *et al.* 2017). In this way, CSR practices' communication becomes critical for ES management success (Wu 2017). Furthermore, Quarshie *et al.* (2016) show that CSR affects sustainability in the *Triple-Bottom-Line* concept (people, profit, society). However, an SME's priority is to achieve a competitive performance rather than developing environmental practices (Herrera Madueño *et al.* 2016). In this sense, a rethink on how to effectively incorporate this behavior is needed, whilst considering SMEs' different realities (compared to large companies) in areas such as knowledge, resources, limitations, and cultural characteristics.

## 3. METHOD

This research uses a qualitative methodology appropriate to understand a phenomenon, describing the meaning and implications of their events (Carson and Coviello 1996)—in this case, adopting a multiple cases approach—. This method

is recommended to gain a more in-depth understanding of a phenomenon, identifying and describing the key variables and their relationship (Eisenhardt and Graebner 2007) considering their complexity and context (Reinecke *et al.* 2016). Moreover, in environmental topics on SMEs, this approach was used in dimensions such as in the implementation of sustainable business practices (Caldera *et al.* 2018), ISO 14001 certification (Granly and Welo 2014), or environmental engagement level (Williams and Schaefer 2013).

The research's primary data was collected using in-depth interviews from SMEs in Spain (January-May 2019) and Chile (July-September 2019). In Spain's case, the sample comes from the region of Catalonia, which is the region that contributes most to Spanish GDP—19.1%—(Instituto Nacional de Estadística de España 2019), concentrating most of national SMEs—22%—(Idescat 2018). In Chile, companies are located in Santiago, the region with the highest contribution to Chilean GDP—43.6%—(Banco central de Chile 2018), and has 43% of country's SMEs (SII 2017). Thus ensuring the use of similar criteria in area selection.

The SMEs definition in both countries is very similar, only differing in the annual income level. In Chile, SMEs are entities with an annual income of less than 3.21M€<sup>1</sup> (Ministerio de Economía 2014). In Spain, SMEs are entities with an annual income less than 50M€ (European Commission 2017).

The selection criteria of companies were: 1) Belongs to productive and service sectors, which allows the possibility of applying sustainability and CE within the business; 2) More than five employees. Respondents were recruited with the support of the Autonomous University of Barcelona in Catalonia, and University of Chile in Santiago. Hence, 18 managers from 17 SMEs in Catalonia and 29 managers from 25 SMEs from Santiago were interviewed.

These interviews are semi-structured, where patterns and topics can emerge quite freely to obtain a full conceptual description of the studied phenomenon (Glaser 1992), such as Environmental Sustainability (ES) factors. Previously, the interview content was validated by researchers of the Autonomous University of Barcelona and the University of Chile to make compatible the expressions used in both countries. All interviews (60-90 minutes length) were recorded and transcribed in Spanish. Then, translated to English by a native language professional to ensure the conceptual and dynamic equivalence of the content (Mandal 2018).

The interview structure considers general company questions (annual income, employees number, ownership structure, firms tenure) and the factors that can influence the application of ES in the business: 1) Entrepreneurial attitudes of the managers, 2) Customer factors in the business, 3) CSR and the company activities, giving space to emerging themes. The sample characteristics are presented in Table 1.

<sup>1</sup> This amount correspond to the conversion of Chilean pesos to euros (at mean exchange rate of May 2020).

Table 1  
Sample characteristics

Managers characteristics		Spain (n=18)	Chile (n=29)
Gender	Male	11	13
	Female	7	16
Higher education	Yes	18	25
	No	0	4
Age	<35	2	14
	36 – 50	8	9
	>50	8	6
SMEs characteristics		Spain (n=17)	Chile (n=25)
Industrial sectors	Industrial	6	4
	Commerce	7	7
	Foodservice	2	8
	Consulting services	2	5
Ownership structure	Financial	—	1
	Familiar	10	19
Number of Employees	Non-familiar	7	6
	1 – 9	2	12
	10 – 49	8	11
	50 – 99	3	2
Firms tenure	>100	4	—
	<5	2	10
	6 – 10	—	9
	11 – 20	2	3
	>29	13	3

Table 1 highlights the representative gender distribution, guaranteeing the managers' experiences in diversity, important in SMEs management (Williams 2013). The educational level shows similarities regarding university degrees. Regarding age, the Chilean sample has a larger younger group presence (<35 years) in comparison to Spain. This point is interesting because the available evidence suggests different perspectives—subject to age—on environmental themes (Lewis *et al.* 2015; Eikelenboom and de Jong 2019).

Regarding SMEs' characteristics, the sample considers different economic sectors in a relatively similar proportion in Spain and Chile to explore the spectrum of ES factors. Ownership structure shows majorly family-owned companies (61.1%: Spain, 76%: Chile), in lieu on the predominance of family-based SMEs globally (Mínguez-Vera and Martín 2011). In respect to tenure, the Spanish SMEs sample is older compared to Chile; the SMEs age is an interesting point but with scarce evidence of its influence on organizational environmental impact (Laforet 2013).

The data analysis process is based on thematic analysis, considering their qualitative research suitability, especially in semi-structured methods (Alhojailan 2012). This process is worked through NVIVO11 software and identifies predefined and emerging meaning units from the interviewees' quotes. These quotes are codified to develop the codes' hierarchy structure (considering the themes and subthemes) that emerged in Spain and Chile (see Annex 1). Lastly, a clustering analysis was performed to visualize the relationship and patterns between the concepts. The research design process is detailed in Figure 1.

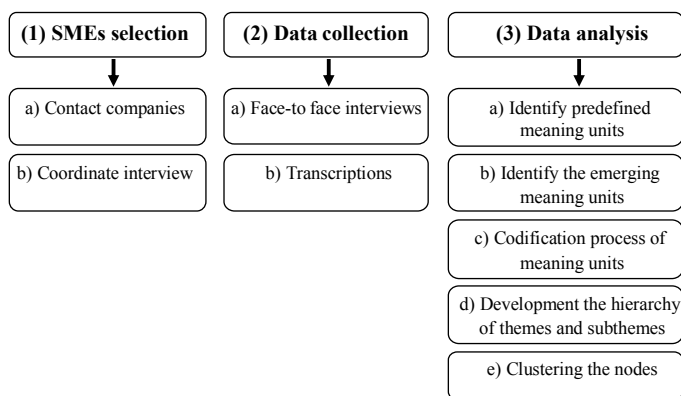


Figure 1  
**Research design stages**  
 Source: Own elaboration

**4. RESULTS**

This section describes SMEs environmental practices and the three selected factors influencing Environmental Sustainability (ES) adoption: Entrepreneurial Orientation (EO), Customer Orientation (CO) and Corporate Social Responsibility (CSR); in Spain and Chile. Then, a cluster analysis of the key issues' nodes (predefined and emerged) from the study to date is presented.

*4.1. Environmental practices in Spain and Chile SMEs: A general overview*

The environmental practices show different patterns as well as common points in Spain and Chile. In Spain, most SMEs (n=12) adopt environmental practices. From these companies, saving resources and waste management are their principal focus. This kind of measure represents an environmental concern in the final stage of the production process. The reasons to be environmentally sustainable are mixed. An interesting aspect is a cause-consequence relationship. Half of the companies (n=6) apply environmental practices for economic and environmental reasons. However, for some companies, cost reduction is the cause, and mitigation of environmental effects is a consequence, while for other SMEs, it is the environment that matters over costs.

In Chile, 45% of SMEs (n=13) perform environmental practices. From these companies; recycle, and disposable materials

reduction of waste are the central practices. The Chilean case is similar to Spain, where the concerns are in the final stage of the production process and 'to be sustainable'. A slight difference is seen in the greater proportion of SMEs with environmental motivation. A possible reason is the lower age of the interviewees, but this requires further research. Table 2 summarizes environmental practices in both cities.

Table 2  
**Environmental practices in Spain and Chile**

Countries/ Variables	Environmental practices adoption	Environmental practices most adopted	Reason to adopt environmental practices
Spain	Yes (n = 12)	1. Waste management control 2. Water-savings 3. Energy-savings 4. Sustainable materials use 5. Materials reuse	Economic (n = 2) Environmental (n = 4) Both (n = 6)
	No (n = 6)		
Chile	Yes (n = 13)	1. Recycle material 2. Disposable reduction 3. Water-savings 4. Material recovery	Economic (n = 1) Environmental (n = 7) Both (n = 5)
	No (n = 16)		

Source: Own elaboration

*4.2. Entrepreneurial Orientation*

**4.2.1. THE BUSINESS ORIGIN AND MANAGERIAL ATTITUDES IN SPAIN**

In Spain, most of the SMEs interviewed are family firms born from an opportunity (previous generation) or a personal venture to; spin on family business, reach a potential market, or new option to personal development. The CEO of an electronic company exemplifies this situation: "I have been General Director of a company that has been manufacturing in Spain for three years. I have my engineering for 15 years, and now I launched into this start-up adventure 2.5 years ago". Family firms and opportunity businesses with a consolidated position in the market tend to apply environmental practices.

SMEs managers are risk-takers in their business decisions and perspective's growth, but have more conservative-logic in the environmental aspects, privileging economic sustainability. The partner of a mechanical company states this point: "We are entrepreneurs, and we take risks. In 2008, there were 16 people, and a strong crisis has happened that of 2008 and now we are 25, that is, we have taken risks, we have invested".

However, companies with a sustainable business from the beginning are more likely to make investments. The director of a waste management company explains their case: "In every company, you have to take risks; if you do not take any risk, you do not advance". For some interviewees, the innovation atti-

tude is key for ES. However, the possibilities are limited by the available resources and financial aid. The CEO of an electronic company states this quite well: *"It is very difficult in Europe to innovate environmental responsibly. I think that in Europe we are quite stagnant. When you want to innovate, the environment does not help."*

Regarding these limitations, proactivity is an escape valve for environmental concerns. Most of the SMEs are reactive, choosing to move within their predetermined safe environment. Yet, when the business considers ES as a factor in their business conception and development, they adapt. The Quality and Environment Director of a water management company states: *"The people who have to do environment and sustainability are more proactive because we have to change things"*.

In general, SMEs show a moderate profile (low risk-taker, medium innovativeness, low proactiveness). There is a clamor for a clear aid framework that can boost the environmental aspects of their businesses.

#### 4.2.2. THE BUSINESS ORIGIN AND MANAGERIAL ATTITUDES IN CHILE

In Chile, there is variability in their origin between necessity and opportunity. Most businesses initiated by necessity are related to family businesses (sometimes inherited from the previous generation). The director of a veterinary clinic, and the owner of a food service company, states: *"Is, and will always be a family business"*. The association between family firms and environmental practices is not clear, but it considers environmental issues in business development. A possible aspect stated in the interviews is the lack of knowledge for specific ES aspects.

SME managers are low risk-takers and show motivation on environmental topics, looking for alternatives in this field, although the financial situation limits them. The owner of a recycling product company states this aspect: *"That motivation was transformed into something else that until now also nourishes us, which is more the focus of the impact that the products generate"*. The owner of an optical lens company gives a similar appreciation on the matter: *"I have taken risks, beginning without total knowledge of the industry, we never gave up on it, thinking that we were going to do well in this project."*

A moderate degree of innovation can be observed in terms of entrepreneurial attitudes, which ties strongly on customer tendency. The owner of a textile company exemplifies this situation: *"We are innovators, [...]. We take good care of the first thing because if you enter any other business, you will see that the difference is abysmal"*.

Furthermore, SMEs have a reactive attitude on environmental themes, principally due to the pressure of their daily activities. Instead, the SME managers that apply environmental practices are characterized by their *perseverance*. The owner of a sanitary products company represents this spirit: *"The issue of being persistent in environmental themes is crucial to be motivated all the time trying to be present. All problems have a solution."*

Chilean SMEs represent a conservative profile (low risk-taker, low innovation, reactive), where ES becomes a personal and not structured desire of SMEs.

### 4.3. Customer orientation

#### 4.3.1. THE CLIENT ROLE IN SPAIN: HOW TO INFORM AND COMMUNICATE

In Spain, information is the way that connects companies to customers. In this case, companies do not deliver much information to customers about environmental practices. The General Director of a textile company states this situation: *"I believe that the final consumer has no information, and that is what should be done, raise awareness"*. SMEs argue that it is necessary to have a bi-directional relationship to achieve a real connection between companies and customers to improve the environmental performance situation. The owner of a textile company explains his vision: *"We believe that this can help us, the proof is that we are making efforts communicating this issue. Making more sustainable products, making recycled articles, is a market niche in which we are"*.

In retrospect, the interviewees point out that there are different customer types based on ES commitment and business behavior. The manager of an industrial company states their importance for the business: *"When a client raises a question or need, we transform it into a challenge for us, to satisfy it. Therefore, based on the inputs we have from customers, we generate our strategy"*. There are customers' segments more involved and informed about if companies realize environmental practices. However, some transactional clients do not value these aspects. The Acquisitions Manager of a pharmaceutical laboratory exemplified this issue: *"There are clients who deliver the material, and we only pack it. There are clients that we only do full service"*. Moreover, SMEs deepen that if their SMEs stakeholders —as clients— do not exert environmental pressure, the incentives to adopt certifications such as ISO14000 or environmental practices are not taken as there is no reward in economic aspects. These examples point out that ES is not too important for the customer from their perspectives and appeal instead to customer responsibility and interests.

Another relevant aspect mentioned is communication; SMEs express their concern about developing the message, both in substance and form, towards the customer. The CEO of a clothing company expresses this consideration: *"You have to know how to communicate well what you are doing, what you have, why you have it. This is the most important thing, why we have, not only what we have"*. Linked to this, the interviewees express their concern about the communication effects. Some companies take advantage of their image improvement, transforming their environmental practices into a marketing strategy without a real commitment to ES. The CEO of a textile company states this point clearly: *"There are some sustainable fashion brands that sin a bit of this, which is seeing that maybe it is a good marketing strategy"*.

#### 4.3.2. THE CLIENT ROLE IN CHILE: LACK OF INFORMATION AND VISIBILITY

In the Chilean case, the situation reveals different problems in terms of information compared to Spain. The delivered information to the customers about environmental themes is scarce

or null. The owner of a shoe company states this issue: *“In terms of communication, I lack how to synthesize what we are carrying out, which is what I tell you, how to communicate our environmental practices in our process”*.

Companies do make an effort to detect their client’s needs. The owner of a restaurant gives an example of this: *“We try to keep up with the requirements of our public in our area”*. From this process, SMEs identify a problematic relationship with the environment if they do not give ES importance. Thus, it becomes highly probable that SMEs do not consider environmental subjects within their value proposition as it holds little relevance to make sales.

In this way, the interviewees coincide in heterogeneous behavior and customer commitment, yet the lack of client pressure for ES of products and services has become common. The Operations Manager of a consulting company states: *“It is very reactive, as already. I want this, and we do this. There is no topic to go to propose; there is little”*. Thus for SMEs, it does not seem necessary to obtain environmental certifications due to this perspective.

Communication is a relevant aspect for companies, as it is considered the first step to achieve ES. The owner of a food service company highlights this importance: *“It is fundamental to interact with the day-to-day clients, which was something we did not always have before”*. In this line, the clarity and scope of the message is the starting point. The owner of a craft company explains this situation: *“It has to be fundamental. What we are transmitting is what is closer to the person”*.

However, this communication must be reinforced in two points. First, through the relationship with the community. The owner of a restaurant emphasizes this aspect: *“We have been in the same neighborhood that we have always been, so we know all the people in the area, we are neighbors for years, and that shows.”* Second, the visibility of sustainable actions and the corresponding media to communicate and enhance ES diffusion. The owner of a coffee company shares this concern: *“Today we do not communicate with them as much. We do not have the form to communicate with them well in the next three months. Today we communicate with them by uploading a photo”*. Communication perception becomes a critical factor.

4.4. Corporate social responsibility

4.4.1. THE LACK OF EMPLOYEE INVOLVEMENT IN CORPORATE SOCIAL ACTIVITIES IN SPAIN

CSR is a complex concept for Spanish SMEs, presenting different degrees of understanding. The partner of the mechanical company states their vision: *“We consider that a part of our benefits can be invested in society. However, there has to be no obligation for it to be done”*. The Communications Director of a chemical company states another perspective: *“I am a supporter of removing the social word because responsibility must be social. We live in society; there is no other type of responsibility”*. A common point from the interviewees is the null allusion to environmental themes as a part of CSR. However, an explanation for this phenomenon is the presence of waste management legislation. A manager of an industrial company states this point: *“The environmental legislation determines the operation rules. I believe that*

*the regulation is intended to accompany us to how we should be to face the environmental challenges”*.

Regarding those mentioned above, the SMEs’ CSR activities are focused on involvement with society. We identify that most of the mentioned activities are related to charity and the community’s delivery of products by discussing this issue. When excluding the SME process (approached by the legislation) and discerning the environmental practices related to companies’ internal processes, a rising problem is employees’ low degree involvement. The owner of an Eco-hostel corroborates this idea: *“Personally the employees do not get involved, that is a topic that we should take, and it cannot be that they do not get involved”*. The interviewees express the importance of having a strong employee team to help transmit these attitudes throughout the firm and thus bring it to become an organizational behavior. The Administration Manager of a plastic confection company shares their experience: *“We have a team of susceptible people who know how to transmit very well, and we can convince very quickly everyone who becomes part of the team”*.

4.4.2. CORPORATE SOCIAL RESPONSIBILITY IN CHILE: A TIMID APPROACH TO ENVIRONMENTAL ISSUES

Similar to Spain, CSR in Chile considers a broad spectrum of conceptualizations. The range considers donations, charity, education or opportunities. A concrete example of this variety is the owner of a shoe company: *“I feel that my social responsibility is my relationship with my internal client, the transparency”*, and the Advisor of a Financial Institution: *“Nowadays, we are not talking as much about CSR in specific. Today we are like encompassing more in sustainability as a concept.”* Other companies recognize that does not include CSR development. The manager of a consulting company expresses their reality: *“I would say that there is no lifting of Social Responsibility and our effects on the community, of internal policies of benefits for workers, nothing.”*

Interestingly, CSR has an extension in ES aspects. This extension does not have common patterns, showing different perspectives, shown in Table 3.

Table 3

Interviewees quotes about environmental practices within CSR

Interviewees	Corporate Social Responsibility activities related to environmental themes or practices
Owner of a coffee company	“We are trying to do a sustainable meal. All the money raised will be donated to the community.”
Manager of a cosmetic company	“Today we are working on generating a volunteer free plan, that is, you can choose what to help and when to help it, depending on the cause that motivates you. I believe that corporate environmental volunteering once a year Today is not enough for anything. I believe that the consumer who nowadays double-clicks, no longer believe it.”
Owner of a foodservice company	“We plan to do recycling activities.”

Source: Own elaboration



Independently of these activities related to environmental topics, their communication level towards the society and customers is scarce. A commercial company manager explains: “Our activities are completely internal in the company, nothing has been manifested to the community”. Although some companies spread these activities, a recurring issue is a passive interest in these themes when SMEs communicate them. The partner of a mechanical company points out: “We communicate our environmental responsibility, but our stakeholders are not very interested either, as they do not get much on the subject.” These examples evidence different problems and perspectives for ES.

#### 4.5. Other emerging topics

##### 4.5.1. DECISION-MAKING PROCESS

SMEs take decisions continuously, establishing priorities in their business. In this sense, how articulating their strategy directly affects the incorporation of environmental issues and developing practices. The hierarchy, decentralization level, business decisions unit (uni-personal, partners, collective), and stakeholders’ involvement are relevant aspects. These elements emerge with similar connotations in Spain and Chile. The coordination

between strategic decisions and their extension in environmental practices as tactics show interesting considerations.

##### 4.5.2. LEARNING: FORMATION AND TRAINING

A theme that emerged through the different topics approached in the interviews is the formation of SMEs. It is common for SMEs to declare their lack of technical skills and knowledge in approaching environmental aspects, materials management, and second-life waste. These limitations affect the organization (managers and their employees) transversally, and the concern is the absence of mechanisms to improve the knowledge. Historically, SMEs have more relevant concerns about their survival and ability to sustain themselves in a highly competitive market. Therefore, their efforts and motivation in the business core diminish the possibilities to apply environmental practices. However, observations show a slightly higher level of knowledge in Spanish SMEs when compared to Chilean ones, reflected in waste management aspects. From this perspective, learning is presented as a potential factor that enables environmental practices.

Considering the aforementioned, Table 4 summarizes the structured and emerged aspects in Spain and Chile.

Table 4  
Comparative summary of environmental sustainability factors

Regions / Topics	Spain	Chile
Entrepreneurial Orientation	<ol style="list-style-type: none"> <li>1. Family firms: environmental proclive.</li> <li>2. Little investment on environmental themes; scarce financial aids.</li> <li>3. A moderate entrepreneurial profile (little risk-taker, low innovation, reactive).</li> </ol>	<ol style="list-style-type: none"> <li>1. Family firms: slightly tendency to environmental themes</li> <li>2. Little investment on environmental themes; scarce financial aids.</li> <li>3 A conservative entrepreneurial profile (little risk-taker, low innovation, reactive).</li> </ol>
Customer Orientation	<ol style="list-style-type: none"> <li>1. Low information degree about environmental practices to the customers.</li> <li>2. Low customer involvement on environmental issues; traduce in scarce environmental certifications as ISO norms.</li> <li>3. Deficiencies in the message development about environmental practices.</li> </ol>	<ol style="list-style-type: none"> <li>1. Scarce information degree about environmental practices to the customers.</li> <li>2. Scarce visibility of sustainable actions developed by SMEs.</li> <li>3. Null communication of environmental practices.</li> </ol>
Corporate Social Responsibility	<ol style="list-style-type: none"> <li>1. Environmental practices not considered in CSR (are associated with environmental legislation).</li> <li>2. Low employees involvement in internal environmental practices</li> </ol>	<ol style="list-style-type: none"> <li>1. Environmental practices as part of CSR; lower effects and recurrence.</li> <li>2. Scarce communication of the environmental practices to their stakeholders.</li> </ol>
Emerged themes	<ol style="list-style-type: none"> <li>1. Decision-making process: centralized and lower consideration to environmental themes in strategic decisions.</li> <li>2. Medium degree of technical knowledge and skills to incorporate environmental issues.</li> </ol>	<ol style="list-style-type: none"> <li>1. Decision-making process: centralized and null considerations to environmental themes in strategic decisions 3.</li> <li>2. Lower degree of technical knowledge and skills to incorporate environmental issues.</li> </ol>

Source: Own elaboration

These results show the Spanish and Chilean situation regarding ES adoption factors, where Spain is one step forward compared to Chile. The pending general debt is a major consideration in the business processes' initial stages and more tangible communication.

4.6. Clusterization of the three-factor nodes and their sub-themes

4.6.1. SPAIN CLUSTERIZATION MAP

In the Spanish case, ES application denotes a clear first cluster, where CO and CSR are the most associated variables to ES (see Figure 2). Moreover, corporate activities with a sustainable focus must be aligned, where communication has a fundamental role in customer relationships. The second cluster associates EO and business origin, where ES is a consideration from the beginning, according to the companies' possibilities. The involvement of the employees is crucial to their application. The third cluster considers the information, an essential aspect that is a weakness in ES communication; the challenge is integrating this information with the organizational activities. The fourth cluster is another side of the previous cluster, the relevance of ES for the customers. The two furthest clusters of ES reflect the business's actual situation, the entrepreneurial attitude, and the decision-making process of their decisions where ES is not considered close to their priorities; however, it can have influenced by rigorous environmental legislation.

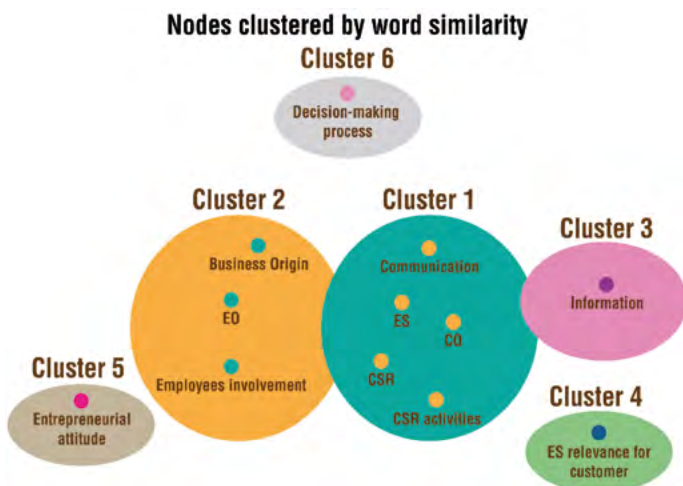


Figure 2  
Spain clusterization of ES antecedents

Source: Own elaboration

The points of the same colour belong to the same cluster

**Cluster 1:** Customer Orientation (CO), Corporate Social Responsibility (CSR), Communication, CSR activities, **Cluster 2:** Entrepreneurial orientation (EO), Business origin, employees involvement. **Cluster 3:** Information. **Cluster 4:** Environmental sustainable relevance for customer. **Cluster 5:** Entrepreneurial attitude. **Cluster 6:** Decision-making process.

4.6.2. CHILE CLUSTERIZATION MAP

Clusterization is different in Chile (see Figure 3). The first cluster considers EO and CSR as the most associated variables to ES. Moreover, the entrepreneurial attitude and motivation highlight the importance of the SME managers' conviction, and the corporate activities with ES must be aligned. The second cluster is the CO and the information, establishing the relevance of this aspect to improve customer perception, generating a virtuous circle with SMEs. The third cluster is the decision-making process, distant from the companies decisions; the personal valuation is in the same line of the business origin, the fourth cluster. The last clusters are the relevance of ES for customers and communication; these two inter-related aspects are a great doubt of SMEs in the ES implementation process.

SME managers' experiences with ES and their implementation drivers in Spain and Chile show two common factors; 1) the absence of ES in the SMEs decision-making process and 2) the lack of ES relevance for customers. These factors reveal a lack of integration between the stakeholders of society. However, these obstacles and limitations have proper characteristics, considering the specific reality of the regions: 1) In Spain, communication with the customers is a relevant subject; the relationship between mechanisms and messages is essential. In Chile, this problem is a step back. The information is a critical factor, 2) in Spain, ES adoption has a relevant component in the employees' involvement with the company's actions. In Chile, this point has similarities, but the managers' motivation has more relevance regarding whether they have social or normative pressure.

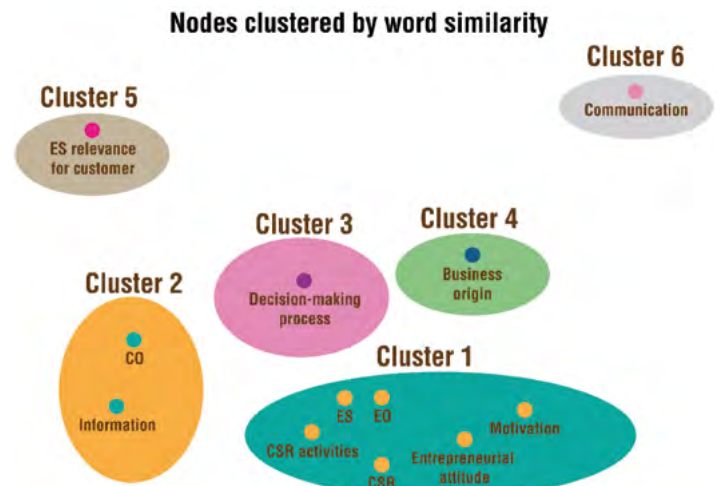


Figure 3  
Chile clusterization of ES antecedents

Source: Own elaboration

The points of the same colour belong to the same cluster

**Cluster 1:** Entrepreneurial orientation, Entrepreneurial attitude, motivation, Corporate Social Responsibility, CSR activities. **Cluster 2:** Customer orientation, information **Cluster 3:** Decision-making process. **Cluster 4:** Business origin. **Cluster 5:** Environmental Sustainable relevance for the customer. **Cluster 6:** Communication.

## 5. DISCUSSION AND CONCLUSIONS

### 5.1. Discussion

These research findings explain how EO, CO and CSR affect SMEs ES adoption in Spain and Chile. Additionally, two emerging factors are highlighted: decision-making process and learning (and their potential to influence ES). Based on these findings, we discuss results and offer theoretical and practical insights that contribute and support the implementation and leveraging of environmentally sustainable practices in SMEs.

Through this work, differences in the factors mentioned above are evident between Spain and Chile in the implementation of ES. Hence, analyzing the managers' characteristics does not show relevant differences in gender, manager's-age and educational level between the cities (Roxas *et al.* 2017; Eikelenboom and de Jong 2019). Nonetheless, considering the study characteristics requires specific detailed sector research to shed light on their potential effects.

At the SMEs characteristics level, family firms show a positive environmental commitment tendency in both cities (more prevalent in Spain than Chile). The ownership structure was studied by López-Pérez *et al.* (2017) that found a moderation relationship with environmental practices. Family firms show more sensitivity to these themes but are based on Agency Theory principles. Moreover, Adomako *et al.* (2019) found that EO has a positive effect on family firms. However, the performance benefits are major in nonfamily firms. Therefore, it requires more evidence on family firms in future research to assert this affirmation fully. In the case of firms' tenure, Spain's older sample has a slight tendency to greater environmental concern. The evidence is consistent with Doluca *et al.* (2018), which shows a strong effect on long-term ES orientation.

In lieu of the works of Marshall *et al.* (2015) and Amankwah-Amoah *et al.* (2018), we can observe that EO exerts a positive influence on ES, reflecting the concerns on environmental issues. The importance of innovative and risk-taking attitudes in their EO is relevant to implementing ES in their strategy, presenting certain nuances in Spain and Chile exist). In the former, SMEs show a moderate profile (low risk-taker, medium innovativeness, medium proactiveness), while the latter shows a conservative profile (low risk-taker, low innovation, reactive). An example of this difference is the tendency to realize little investment in environmental aspects (for economic or environmental reasons). These differences are similar to Gherib and Berger-Douce (2012) cross-cultural research that compares French and Tunisian SMEs (findings show a more riskier profile in French SMEs). These attitudes allow the visualization of ES more as business options, hence adopting new technologies or generating collaboration with other firms.

In this line, an emerging topic is the decision-making process. In both cases, environmental aspects are not incorporated in the strategic decisions —explained by their day-to-day priorities— and do not directly benefit their companies. DiVito and Bohnsack (2017) research suggests that EO influences ES in the decision-making process. SMEs managers need to assume the change in an agent role, internalizing ES in the organization (Wiesner *et al.* 2018). Nevertheless, this situation is endorsed by

their different barriers: lack of financial resources, lack of time, risks associated with implementing a sustainable practice, current regulations (Caldera *et al.* 2019), and the importance of SME manager as agent role. SMEs require local governments' support through advisory to achieve sustainable development (Ayuso and Navarrete-Báez 2018).

In the case of CO, common patterns can be observed between Spain and Chile. In both, SMEs consider the customers' passive attitude that does not exert pressure regarding environmental subjects. However, their managers understand the necessity of incorporating ES in their communication. In Spain, the principal problem is message development (how to engage their customers). Some companies realize the effort, desisting when denoting the lack of relevance in the decisional buyer-process. This process requires governmental aid and public funds that promote this behavior on SMEs. While in Chile, the problem is communication. SMEs that perform environmental practices that do not communicate these activities do not consider it relevant and prefer to communicate other messages related to commercial activities. These results are not unrelated to the evidence on low customer engagement in companies' ES and their dilemma for SMEs. When they are under customer pressure, they will actively search and capture customer input regarding environmental concerns (Chen and Liu 2020), and tend to engage in ES (Lee *et al.* 2019). In this sense, customer and stakeholders' pro-environmental attitudes trigger SMEs to develop environmental measures (Triguero *et al.* 2013). The reasoning is that, if customer and external society demands ES —as a consequence of CO— SMEs will respond to this sensitivity (Jansson *et al.* 2017). However, the relationship between message development and effective communication requires a more in-depth understanding.

From this factor, knowledge appears as a limitant from SMEs perspective; there is a clear recognition of the lack of knowledge about environmental topics that affect adopting high-level environmental practices. Spain presents a higher knowledge degree than Chile, applying it in their production process. However, it is not enough, hence reflected in the absence of circular practices as reducing or reuse, relevant for ES (Ünal *et al.* 2019). This capability is an enabler for developing and integrating environmentally sustainable practices in SMEs (Roxas and Chadee 2016). The knowledge extension is an edge to investigate properly; technical knowledge about materials, supply chain process, and waste management (Yacob *et al.* 2019).

In retrospect, CSR is largely misunderstood in SMEs, as it is mostly associated with social activities (charities, donations). Nevertheless, there are some differences between the cities. In Spain, considering the lack of high-level sustainable practices, low-level sustainable practices as recycling are mandatory under environmental legislation. Therefore, they are not considered within the CSR conception. When companies understand their importance as corporate citizens in Spain, it allows them to see the externalities and negative effects not considered in their production process. While in Chile, some SMEs apply recycling activities as a part of CSR and contribute to the community. SMEs do not have declared obligations at the moment (considering environmental legislation in development) (Ministerio del Medio Ambiente 2016) as CSR activities are strongly related to the pos-

sibility of developing ES aspects in business (Reyes-Rodríguez *et al.* 2016). This situation is normal for large companies and differs from small companies due to their operational impact and public exposure. This difference affects the content, nature, and extent of their CSR activities (Dias *et al.* 2019). However, CSR's inclusion of environmental aspects is a discussion topic in SMEs, with evidence in different ways. (Dincer and Dincer 2013) qualitative research found that SME managers incorporate CSR environmental issues, showing a general concern for the environment. The comparative study in the food industry of Colovic *et al.* (2019) about CSR adoption between France and Lithuanian SMEs shows incorporating environmental practices as natural and essential in their operations; the difference is the major adoption of environmental certifications in French SMEs. Nevertheless, a common point is the high environmental standard in the industry. This point is relevant to study, considering that CSR activities have a mandatory nature in Europe, whereas it has a voluntary character in Latin America (Hernández Pajares and Moneva 2018).

### 5.2. Theoretical contributions

This research contributes to the limited understanding of SMEs environmental externalities (Stoian and Gilman 2017), critical for sustainable and economic development (Bevan and Yung 2015). Through multiple case studies, light can be shed on the ES factors adoption in Spanish and Chilean SMEs. Thus, this contribution to the literature is threefold. Firstly, this study extends the ES literature about the role of EO, CO, and CSR from managers' perspectives in two different institutional settings; a developed economy like Spain, and a transition economy as Chile. Secondly, exposure of two emerging themes; 1) decision-making process and their relation with SMEs stakeholders, and 2) knowledge about environmental themes as materials and resources, presenting their difference between the countries. These aspects require more study at the local level, can complement and enhance ES (Crovini *et al.* 2020). Finally, the comparative analysis demonstrates the relevance of institutional context and the environmental legislation's potential effects in these mentioned aspects, especially CSR (Graafland and Smid 2017).

### 5.3. Managerial implications

The research findings show how SME managers in Spain and Chile can act environmentally responsible. This research demonstrates the relevance of innovative, proactive, and risk-taking attitudes by SME managers to implement ES in their strategy; necessary to complement with a subsidy plan and advisory by local governments to motivate and convince SMEs of the potential benefits of ES. Additionally, managers need to understand the importance of communicating their environmental practices independently of their stakeholders' pressure, such as their clients. ES is a bi-directional process; the message development and the appropriate communication channels are crucial to engaging with stakeholders. As a result, SMEs can give superior value to the market (Racela 2014) by proposing value that adopts a downstream vision in a sustainable manner (Urbinati *et al.* 2017). For

SMEs, the involvement of ES is an evolving process that depends on the companies, stakeholders, and institutional conditions of the countries. Instead of waiting for the ES imposition, SMEs should proactively incorporate into their business operations and process.

## 6. LIMITATIONS AND FUTURE RESEARCH

Despite the contributions, this research has limitations. This study investigated SMEs ES based on two countries' multiple cases, limiting the findings' generalization capacity. Therefore, the results must be read mindfully, considering the sample size. For this reason, future research could benefit, study other countries, cultures, and specific economic sectors. The industries have different aspects and limitations that need to be considered in future research to enrich the empirical perspective.

Regarding the findings, future studies can be extended to analyze the learning orientation in SMEs, considering their knowledge necessity and decision-making process —taking into account the institutional and contextual factors—. SMEs do not have pressure in environmental sustainability topics, and deepening the priorities, mechanism, and resources to learn and adapt to the environment can be relevant for ES adoption.

Concerning the data, this investigation is based on SMEs managers' responses; it can be interesting for future research, to collect the appraisals from other stakeholders, such as suppliers, clients, and/or local community, to contrast the different ES views. Additionally, future research would contemplate the influence of the time in the results, to verify, refute or extend the obtained results.

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