

Business Orientations for Sustainability of Small and Medium Enterprises ความมุ่งเน้นทางธุรกิจเพื่อความยั่งยืนของ วิสาหกิจขนาดกลางและขนาดย่อม

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บทคัดย่อ

บทความวิชาการนี้มีวัตถุประสงค์เพื่อพัฒนากรอบแนวคิดเกี่ยวกับความมุ่งเน้นทางธุรกิจที่อธิบายความยั่งยืนของวิสาหกิจขนาดกลางและขนาดย่อม แม้ว่าความมุ่งเน้นด้านการเป็นผู้ประกอบการจะเป็นนิยามเชิงโครงสร้างที่อธิบายความสำเร็จของวิสาหกิจนี้ได้อย่างมีนัยสำคัญ แต่ก็ยังไม่เพียงพอต่อความยั่งยืนทางธุรกิจซึ่งประกอบด้วยเสาหลักเชิงเศรษฐกิจ เชิงสังคม และเชิงสิ่งแวดล้อม ทั้งนี้เนื่องจากความมุ่งเน้นดังกล่าวสามารถอธิบายได้อย่างดีเฉพาะผลลัพธ์เชิงเศรษฐกิจเท่านั้นแต่กลับสามารถอธิบายผลลัพธ์เชิงสังคมและเชิงสิ่งแวดล้อมได้น้อย

บนพื้นฐานของทฤษฎีผู้มีส่วนได้ส่วนเสีย บทความนี้นำเสนอความมุ่งเน้นด้านการประสานความร่วมมือซึ่งให้ความสำคัญกับผู้มีส่วนได้ส่วนเสียและคุณธรรมเป็นความมุ่งเน้นที่จะบูรณาการเพิ่มเติมเพื่อความยั่งยืนทางธุรกิจ ดังนั้น วิสาหกิจขนาดกลางและขนาดย่อมจึงควรนำความมุ่งเน้นด้านการเป็นผู้ประกอบการและความมุ่งเน้นด้านการประสานความร่วมมือมาปรับใช้เพื่อความสำเร็จทางธุรกิจที่ยั่งยืน

คำสำคัญ: ความมุ่งเน้นด้านการเป็นผู้ประกอบการ ความมุ่งเน้นด้านการประสานความร่วมมือ ความยั่งยืนทางธุรกิจ วิสาหกิจขนาดกลางและขนาดย่อม

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Abstract

This academic article aims to conceptualize business orientations explaining sustainability of small and medium enterprises. Although entrepreneurial orientation is a construct for the success of the enterprises significantly, it is insufficient for business sustainability, compounding of economic, social, and environmental pillars. This is because the orientation greatly explains only outcomes in economic one but less maintains

outcomes in social and environmental ones.

Built upon stakeholder theory, the paper introduces collaborative orientation, focusing on stakeholders and morality, as an additional approach to be integrated with the former one for business sustainability. Therefore, small and medium enterprises should adopt entrepreneurial and collaborative orientation for sustainable business success.

Keywords: Entrepreneurial Orientation, Collaborative Orientation, Business Sustainability, Small and Medium Enterprises



1. INTRODUCTION

Sustainability is an emerging mega trend in business context (Berns et al., 2009; Earnst & Young, 2012; Lubin & Esty, 2010). Enterprises nowadays are pressured to conduct their business with social and environmental contributions (Benn & Dunphy, 2007; Moore & Wen, 2008). Regulation and legislation force enterprises to commit accordingly to several issues such as human right, labor standard and environmental preservation, etc. In addition, corporations are encouraged to disclose social and environmental impacts by publishing sustainability report or by including sustainability part in their annual report. In addition, stakeholders pay closer attention to social and environment matters. Consumers respond more negatively to poor sustainable companies than high sustainable ones (Choi & Ng, 2011). They are more likely to spend more on fair trade products or organic environment friendly (Moore & Wen, 2008). In addition, they do not respond favorably to low prices when they have information about the firm's poor environment sustainability (Choi & Ng, 2011).

In business context, sustainability is the combination of values in three pillars: economic, social, and environmental pillars. For business sustainability, goals for profit and economic returns are insufficient. Achieving only own profit and wealth but neglecting social and environmental issues is too risky for a long term success. Profit maximization therefore is inapplicable to meet the requirement. Enterprises need to seek for business conducts to create ideal economic, social and environmental values.

Since the majority of enterprises in most countries around the world are small and medium size (e.g. Bosma, wennekers & Amoros, 2012; Eurostat, 2007; Japan Small Business Research Institute, 2007; OSMEP, 2013), it is impossible for the enterprises to ignore this business necessity. Although the enterprises are critical for economic development, knowledge for sustainable development and sustainability in business enterprises are exclusively reserved for large industrial companies. With simple structure and limited resources, the enterprises preferably need a simple, pragmatic and effective format differently from large size organizations to achieve long term sustainable success (Dean, Brown & Bamford, 1998). The study hence is mainly to contribute theoretical knowledge for business sustainability of small and medium enterprises.

Entrepreneurship theory, which is very much related to business success for small and medium enterprises (SMEs), posits that entrepreneurial orientation is a driver for sustainable financial performance (Covin, Green & Stevin, 2006; Covin & Slevin, 1991; Ireland, Hitt & Sirmon, 2003; Kreiser, Marino & Weaer, 2002; Lumpkin & Dess, 2001; Rauch et al., 2009). However, there is a limitation to explain how the orientation can lead small and medium enterprises to sustainability achievement. The association of entrepreneurial orientation and non-financial performance is less straightforward (Rauch et al. 2009). In other words, the orientation drives only economic gains but fails to explain benefits in social and environmental

issues. Hence, there is a need to explore additional knowledge for small and medium enterprises to strive for all economic, social, and environmental benefits.

To bridge the knowledge gap, the study introduces collaborative orientation, based on stakeholder theory, as the explainer for business sustainability. The orientation engages collaborating and networking with stakeholders and conducting business with ethics and responsibility. The study proposes that small and medium enterprises that embed entrepreneurial orientation and collaborative orientation into their business conducts will achieve business sustainability success.

2. BUSINESS SUSTAINABILITY

Business sustainability is a construct based on the original term from Brundtland's report that defines sustainable development as an operation that meets the need of the present, without compromising the ability of future generations to meet their own needs (WCED, 1987). The concept of sustainability and sustainable development are used interchangeably (Elkinton, 1998; Hall, Daneke & Lenox, 2010; Holliday Schmidheiny & Watts, 2002; Uhlaner et al., 2012). From the original definition, enterprises will be sustainable from simultaneously exploiting their existing resources for today competition and also exploring new opportunities for future (Levinthal & March, 1993; March, 1991; O'Reilly & Tushman, 2004; Raisch et al., 2009). In addition, enterprises that deliver value for shareholders without robbing value from other stakeholders can be considered as having

business sustainability (Laszlo, Sherman & Whalen, 2002). Sustainability can also be viewed as the balance between inputs business takes from its resources and outputs which it returns to environment from raw materials and work-life balance to bottom line profit (Figge & Hahn, 2005).

Business sustainability accompanies with demonstrating the inclusion of social and environmental concerns in business operations, and in interactions with stakeholders (Kotler, Kartajaya & Setianwan, 2010; Marrewijk, 2002; Were, 2002). The combination of economic, social and environmental value, "Triple Bottom Line", is a simplified way to categorize business sustainability to the three primary pillars for long term success (Avery, 2005; Bansal, 2005; Elkington, 1998, Haugh & Talwar, 2010; Rondinelli & Berry, 2000; Springett, 2003; Kocmanova, Hrebicek & Cocekalova, 2011). Business sustainability focuses apart from effectiveness and efficiency but focuses on productivity and the creation of value for owners and stakeholders (Kocmanova et al. 2011).

Sustainability value can be determined economic, social and environmental outcomes as consistent to triple bottom line. **Economic outcomes** are fundamental to financial success. Enterprises can be sustainable from gaining both profitability and growth (Avery & Bergsteiner, 2010; Gupta & Govindarajan, 1986; Han, 2007; Han & Celly 2008; Lubatkin et al., 2006). **Profitability** focuses on achieving financial performance and can be measured by using profit, profit margin, and return on investment (ROI), whereas **growth** aspect

focuses on achieving marketing performance and can be measured by using market share, growth in market share, sales growth and new market creation (Avery & Bergsteiner, 2010; Barkham et al., 1996; Han & Celly 2008).

Several researches advocate growth as the most important performance measure in small firms (e.g. Brown, 1996; Brush & Vanderwerf, 1992; Chandler & Hanks, 1993; Fombrun & Wally, 1989; Tsai et al., 1991). It is also argued that growth is a more accurate and easily accessible performance indicator than accounting measure and hence superior to be indicators of financial performance (Wicklund, 1999). However, implementing only one side of growth on this assumption carries a tradeoff effect between profitability for short term survival and growth for long term success (Han, 2007). The two economic indicators of profitability and growth are paradoxical. Each reveals important and unique for business sustainability as measured by outcome aspect. Enterprises that focus on profitability may suffer from losing the opportunity to achieve market share and sales growth, while those with market and growth concentration may suffer from a lack of working capital to survive (Han & Celly, 2008). Therefore, sustainable economic outcomes should be determined by achieving both profitability and growth.

In addition to economic benefits, enterprises are encouraged to produce positive social and environmental outcomes. **Social outcomes** are associated with the humanitarian context of business and relates to social issues (Haugh & Talwar, 2010).

In business context, The outcomes involves a well being of internal and external stakeholders, including employees, suppliers, customers, local region and local government (Chang & Kuo, 2008; Nejati, Shanbudin & Amran, 2010). Relationships with stakeholders and their satisfaction levels can be indications in the social one (Avery & Bergsteiner, 2010; Connolly, Conlon & Deutsch, 1980; Donaldson & Preston, 1995; Frombrun & Shanley, 1990; Tusi, 1990; Zhang, Cao & Tjosvold, 2011). In addition, the outcomes can be determined by reputation with in industry, credential of business, and commitment of stakeholders towards enterprise's operations (Avery & Bergsteiner, 2010; Clarke & Holt, 2009; Zhang et al., 2011). Also, enterprises should have no problems with surrounding communities, has no case in a court with surrounding communities, be thought by general public as a socially responsible organization (Kantabutra & Siebenhüner, 2011; Kantabutra & Suriyankietkaew, 2013; Porter & Kramer, 2006).

Environmental outcomes are associated with the impact of business responsibility on the quality and quantity of ecological management (Haugh & Talwar, 2010; Townsend, 2008). Organizations that commit to environment friendly will gain good environment image (Ejdys & Matuszak-Flejszman, 2010), reputation (Bernstein, 2008; Clifton & Amran, 2011), and gain protection from complaints about environment harm (Epstein & Roy, 2003).

Noticeably, business sustainability is not about to add social and environmental activities to their main business process but to initiate business

models that simultaneously provide economic, social, and environmental gain (Shepherd & Patzelt, 2011). Rather than being seen as just another “add on”, sustainable development must be viewed as an essential values that requires full integration into core business (Johnson & Walck, 2004). To achieve this, small and medium enterprises require appropriate orientation as the guidance for sustainable practices and decision making approaches that balance the impact associated with economic, social and environmental gains.

3. BUSINESS ORIENTATIONS FOR SUSTAINABILITY OF SMES

Based on general definition of business sustainability, enterprises should be aligned and efficient in managing today’s demand, while also being adaptable to changes in environment (Birkinshaw & Gibson, 2004; Duncan, 1976; Gibson & Birkinshaw, 2004; Levinthal & March, 1993; March, 1991; O’Reilly & Tushman, 2004; Raisch et al., 2009; Tushman & O’Reilly, 1996). Sustainability issue becomes more important as a business mission and goal for long term success. Small and medium enterprises need to seek for practices to meet the need of this agenda. Generally, small and medium enterprises will achieve business mission successfully from managing their internal resources accordingly to external environment (Autio, Yli-Renko & Salonen, 1997; Barney, 1991, 2006; Barney & Clark, 2007; Bloodgood, Sapienza & Almeida, 1996; Capaldo, Iandoli & Ponsiglione, 2004; Collis & Montgomery,

2008; Hamel & Prahalad, 1994; Penrose, 1959; Rungwitoo, 2012a; Zimmerer, Scarborough & Wilson, 2008). An important resource for small and medium enterprises is organizational orientation that embedded as the principle for business operations. Orientations have important similarities to the related definitions of organizational culture, which is typically defined as a complex set of values, beliefs, assumptions, and symbols, that define the way in which a firm conducts its business (Barney, 1986; Deal & Kennedy, 1982; Peter & Waterman, 1982). The enterprises will achieve sustained superior performance from their acts through a strong set of core managerial values, beliefs, assumptions, and symbols (Barney, 1986; Brion, Mothe & Samatier, 2010; Gibson & Birkinshaw, 2004; Peter & Waterman, 1982), encouraged by reinforcing behaviors and attitudes of people throughout the organization (Brion et al., 2010; Burgelman, 1983a, 1983b; Denison, 1990; Ghoshal & Bartlett, 1994; Gibson & Birkinshaw, 2004; Robbins & Coulter, 2005).

Based on entrepreneurship theory, entrepreneurial orientation is the main driver for superior economic performance for small and medium enterprises (Knight, 2000; Rauch et al., 2009; Wickham, 2006; Zaugg & Thom, 2003; Zimmerer et al., 2008). However, in business sustainability context, Aiming only for economic returns is insufficient. Social and environmental impact should be concerned. Although entrepreneurial orientation supports financial achievement for the enterprises, they should seek for additional orientation that meets

the requirement of sustainable long term success. Supporting by stakeholder theory, collaborative orientation that engages all stakeholders, for example customers, employees, competitors, business partners, communities, and environment in business operations and decision making is required. Sustainable orientation for small and medium enterprises is the combination of entrepreneurial orientation and collaborative orientation.

3.1 Entrepreneurial Orientation

Entrepreneurship theory provides the explanation for firms to achieve business purposes especially for financial gain. More generally, entrepreneurship refers to the creation of new enterprise for wealth and business growth (Amit, Glosten & Muller, 1993, Gartner, 1990; Levie & Lichtenstein, 2010; Low & Macmillan, 1988; Shane & Venkataraman, 2000). Entrepreneurship can be explained in personal level and organizational level (Gartner, 1990, Lumpkin & Dess, 1996).

In early research, entrepreneurship was associated with individual, called entrepreneur (e.g. Carland et al., 1984; Gartner, 1990; Kuratko & Hodgetts, 2007; Meredith, Nelson & Neck, 1982; Schumpeter, 1952; Timmons, 1989). The challenge in individual level is to predict the profiles of successful entrepreneurs (Amit et al., 1993; Kihlstorm & Laffont, 1979). Traits, characteristics and competencies of entrepreneurs are key drivers for organizational change, entrepreneurial organization, and financial performance (Capaldo et al., 2004; Sullivan, 2000), as well as to develop and sustain firm competitive advantage (Knight, 2000;

Wickham, 2006; Zaugg & Thom, 2003; Zimmerer et al., 2008). Nonetheless, there is still no common definition for individual characteristics. The main focus nowadays turns to the study of entrepreneurial behavior and process in organizational level, as Gartner (1988) argued that the focus should be on what entrepreneurs do in the organization rather than on what they are.

In organizational level, entrepreneurship can be defined as a dynamic process (Amit et al., 1993; Constadt, 1987; Hisrich & Brush, 1985; Robbins & Coulter 2005, Shane & Venkataraman 2000) and capabilities (Morris, Kuratko & Covin, 2008, Shane, 2003) to innovate value from exploring and exploiting opportunities for incremental wealth. Entrepreneurial orientation is the central concept in entrepreneurship domain (Covin et al., 2006). Among the research in entrepreneurial orientation, it originates from the work of Miller (1983) and was later developed by many followers (e.g. Covin & Lumpkin, 2011; Covin & Slevin, 1986; Hult Snow & Kandemir, 2003; Lee & Pennings, 2001; Lumpkin & Dess, 1996, Wicklund & Shepherd, 2003).

Entrepreneurial Orientation is a strategic construct, indicating the organization's predisposition to accept entrepreneurial processes, decision making, and actions (Covin & Slevin, 1989; Covin et al., 2006; Covin & Lumpkin, 2011; Lumpkin & Dess, 1996; 2001; Merlo & Auh, 2009; Rauch et al., 2009; Richard et al., 2009; Wicklund & Shephard, 2003) and shows the degree to which the identification and exploitation of market opportunities

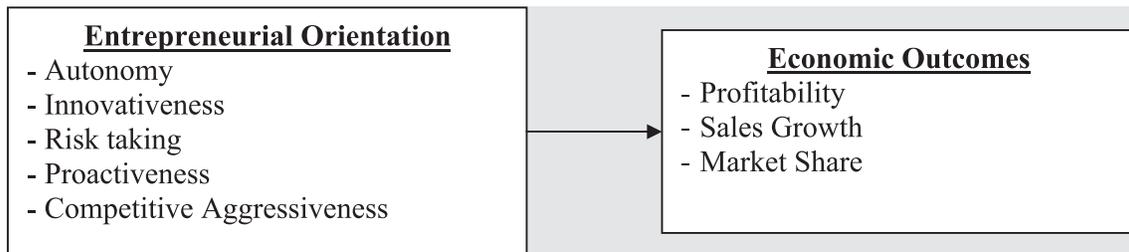
influence a company's growth (Baker & Sinkula, 2009).

There are five dimensions for entrepreneurial orientation: autonomy, innovativeness, risk-taking, proactiveness, and competitive aggressiveness. **Autonomy** refers to the independent action of an individual or a team in bringing forth an idea or a vision and carrying it through to completion (Lumpkin & Dess, 1996). In an organizational context, it refers to action taken free of stifling organizational constraints. **Innovativeness** means a company's openness to new ideas, novelty and experimentation, as well as creative processes aimed at developing new products, services or technological processes (Frishammar & Horte, 2007; Dess & Lumpkin, 2005). **Risk-taking** is connected with making decisions and taking actions without any knowledge of the possible outcomes (Dess & Lumpkin, 2005) and shows the degree of making risky resource commitments (Frishammar & Horte, 2007). **Proactiveness** is treated as a forward-looking perspective as a result of which first mover or market-leader advantages can be achieved

(Frishammar & Horte, 2007; Dess & Lumpkin, 2005). Proactiveness involves searching for market opportunities in order to introduce onto the market new products or services ahead of one's. **Competitive aggressiveness** refers to a firm's propensity to directly and intensely challenge its competitors to achieve entry or improve position, that is, to outperform industry rivals in the marketplace (Lumpkin & Dess, 1996).

The main direction of the research in entrepreneurial orientation focuses on the influence of the orientation on sustained financial performance, such as profitability, (Lumpkin & Dess, 1996; Madsen, 2007; Haughes et al., 2012), market growth (Baker & Sinkula, 2009; Covin et al., 2006), and market share (Rauch et al., 2009). Businesses that adopt a strong entrepreneurial orientation perform much better than the less one (Covin & Slevin, 1986; Hult et al., 2003; Lee et al., 2001; Wicklund & Shepherd, 2003). Hence, the effect of entrepreneurial orientation on economic outcomes can be presented in Figure 1.

Figure 1 Relationships between Entrepreneurial Orientation and Economic Outcomes



However, entrepreneurial orientation explains only outcomes in economic issues but it is insufficient to maintain its contributions to non-economic values (Rauch et al., 2009), regarding social and environmental aspect. Entrepreneurial orientation aiming for sustainable financial values may be helpful for economic benefits however it didn't yet meet the requirements of business sustainability in which benefits in social and environmental issues are also important. Therefore, entrepreneurial orientation may be unable to explain business sustainability. It may positively explain only economic outcomes but may be unable to explain social and environmental outcomes empirically. That is,

Proposition 1: Entrepreneurial orientation insignificantly explains business sustainability.

Proposition 1a: Entrepreneurial orientation positively explains economic outcomes.

Proposition 1b: Entrepreneurial orientation insignificantly explains social outcomes.

Proposition 1c: Entrepreneurial orientation insignificantly explains environmental outcomes.

3.2 Collaborative Orientation

In business sustainability concerns, stakeholder theory positing collaborative practices with ethics and responsibility is introduced as the path way for business sustainability. The main concept of stakeholder theory and the term "stakeholder" existed prior from the pioneering work done by Stanford Research Institute (SRI) in the 1960s, but the origins of contemporary stakeholder theory are

generally associated with the publication of Freeman (1984). Stakeholder is originally defined as any group or individual who can affect, or is affected by, the achievement of a corporation's purpose (Freeman, 1984). Enterprises are not as sole and self-sustaining operators in a competitive world (Freeman, 2010) but they are in a collaborative world in which the integration of the relationships and interests of all stakeholders are essential to ensure their long-term success (Freeman, 1984; Freeman, 2009; Parmar et al., 2010). The main groups of stakeholders are customers, employee, local communities, suppliers and distributors, and shareholders (Evan & Freeman, 1990; Freeman, 2010, Friedman & Miles, 2006). In addition, competitors, business partners, academics, media, public interest groups, and government regulatory agencies are also considered to be stakeholder (Freeman, 1984; Friedman & Miles, 2006).

The focuses of the theory are articulated to explain the purpose of the firm, and the responsibility that management has to do with stakeholders (Freeman, 1984; Freeman et al., 2007). Firstly, it encourages managers to articulate the shared sense of the value they create, and what brings its core stakeholders together. This propels enterprises forward and allows them to generate outstanding performance, determined both in terms of its purpose and marketplace financial metrics. The latter pushes managers to articulate how they want to do business. The relationships between firms and their stakeholders need to be articulated to meet the purpose of their business. It is about the stakeholders

interact and create value for enterprises Business can be understood as a set of relationships among groups which have a stake in the activities that make up the business (Freeman, 2010).

The essence of stakeholder theory is that all parties, such as employees, customers, suppliers, and business partners, are aligned in the same direction (Freeman, 2009; Freeman, 2010). No stakeholder stands alone in the process of value creation (Freeman, 2009; Freeman, 2010). If enterprises have a purpose, in addition to trying to produce the outcome of profits, and if there is alignment between stakeholders around this purpose, businesses will be sustainable over time (Freeman, 2009; Freeman, 2010).

From successful business stories, satisfying stakeholders in both social and environment issues will often lead to higher long-run operations better than focusing only on maximizing profit for shareholders (Kotler et al., 2010). Instead of maximizing only shareholder wealth, stakeholder management is means to maximize the total market value of the firm or to maximize long-term owner value respectively. Enterprises therefore should pay attention to the effects of their actions on their stakeholder ability to care for themselves and others (Engster, 2011).

3.2.1 Stakeholder Focus

The basic idea of stakeholder theory suggests that businesses will ensure their long-term success if they can manage and integrate the relationship and interests of shareholders, employees, customers,

suppliers, communities and other groups or individuals who can affect or are affected by them (Bingham et al., 2010; Freeman, 1984, 2010; Freeman, 2009; Parmar et al., 2010). Building and leading a great company has always been about managing for stakeholders. The key activity in stakeholder view is to intentionally develop a network of social contact from which resources can be obtained and with whom the entrepreneur will work to covert resources into value (Schlange, 2009). Business models are successful when they capture the intersection of stakeholder interest.

To be sustainable enterprises, they are suggested stimulating employees to engage in business decision making and operations, and to deliver high-quality results and making them accountable for their action (Gibson & Birkinshaw, 2004). It involves the establishment of a share ambition, the development of a collective identity, and the ability to give personal meaning to the way in which individuals commit to overall expectations of an organization. Clear standards of performance and behavior, a system of open, candid and rapid feedback, and consistency in the application of sanctions should be constructed. In addition, customers and suppliers should be invited to involve in business activities such as to jointly testing new products and services (Day, 1994; Engster, 2011; Sundaram & Inkpen, 2004). From this, customers and suppliers will accept some of the risk inherent in developing new ideas, products, and programs (Sundaram & Inkpen, 2004) and also pay attention to the effects of their actions on the

final results (Day, 1994; Engster 2011).

3.2.2 Morality Focus

In addition to the great care of stakeholders, morality is the essential constant to explain business sustainability. Morality, the integrity and honesty of doing business, is valuable for business conducts. Morality is not about a top up conduct but it is a based requirement for sustainable enterprises (NESBD, 2007). It refers to business ethics (e.g., Borgerson et al., 2009; McCraw, Mofeit & O'Malley, 2009; O'Toole, 2009) and social responsibility (e.g., Cruz & Boeche, 2008; Lee & Pati, 2012; Virakul, Koonmee & McLean, 2009).

1) Business Ethics

Business ethics is a central issue for business sustainability (Baumgartner & Ebner, 2010; Clifton & Amran, 2011; Kantabutra & Siebenhüner, 2011; Kantabutra & Suriyankietkaew, 2013; Rungwitoo, 2012b). Ethics refers to the code of moral principles and values that governs the behaviors of a person or group with respect to what is right or wrong (Daft, 2012). Ethical obligations are explicitly addressed as a central feature of organizational management (Phillips, Freeman & Wicks, 2003; Watson, Freeman & Parmar, 2008). Business ethics therefore should be committed as a principle for internal operations of the enterprises. Enterprises should commit business ethics by for example introducing code of ethics as the norm of the companies, or establishing a disciplinary system (Choi & Jung, 2008). Practices for ethical commitment in corporations can be implemented by the followings (Choi & Jung, 2008):

- Establishing an ethics committee.
- Establishing an independent ethics department and officers.
 - Setting the norm of organization for ethical behavior, based on a formal business philosophy.
 - Formulating a code of ethics.
 - Constructing an ethics evaluation system measured by an independent party from outside the organization.
 - Constructing a disciplinary system through which unethical behavior is strictly punish.
 - Conducting an ethics hotline or open communication channel to help employees regarding business ethics.
 - Conducting anonymous channel for employees to report unethical acts.
 - Enhancing business ethics of employee by ethics education, training, or workshops.
 - Top managers of the organization regularly emphasize the importance of business ethics.
 - Contributing a significant portion of its profits towards philanthropy.

Notably, these conducts are introduced and empirically examined in context of corporations. The applications for small and medium enterprises may be different because of their limited resources. They may be unable to establish additional committee or unit to establish ethical mechanism as well as to contribute funds for ethical activities. Therefore, they should seek for appropriate practices for ethical considerations in every activity in their business operations. In addition to

some possible ethical commitment, they may also establish support ethical workplace environment providing people with the security, trust, and latitude they need to perform (Ghoshal & Bartlett, 1994; Gibson & Birkinshaw, 2004). Enterprises can establish mechanisms that allow members to access the resources available to other actors, support induces employees to lend assistance and countenance to others, and support freedom of initiative at lower levels, and give priority to providing guidance and help rather than to exercising authority (Gibson & Birkinshaw, 2004).

2) Social Responsibility

Social responsibility is defined as the commitment of business to contribute to sustainable economic development of employees, families and the local communities (WBCSD, 2001). It is a set of policies, practices and programs that are integrated throughout business operations and decision making process, and intended to ensure that the company maximizes the positive impacts of its operations on society (BSR, 2003), and meet legal, ethical, and public expectations (Prahalad & Hamel, 1990).

The notion of social responsibility is an extension of the idea of managerial ethics and refers to management's obligation to make choices and take action so that the organization contributes to the welfare and interest of all organizational stakeholders (Daft, 2012). Enterprises are suggested to integrate social and environment concerns in their business operations (CGP, 2001). Notably, environment agenda is also regarded as social

responsibility. Enterprises can conduct environment management practices to meet the need for ecological concerns. The dominant intention of enterprises is the creation of value in terms of improving ecological environment or preventing it from degradation (Gibson, 2012). The practices also include active or deliberate strategies aimed at monitoring of company waste, producing or selling environmental friendly products, and searching for more environmental friendly products, services, or production methods (Uhlener et al., 2012). In addition, this also associated with the attitude towards the benefit of environment conservations, including control energy costs, execution of energy regulation, and energy saving measures (Uhlener et al., 2012).

Enterprises can conduct social responsibility accordingly to three sustainability pillars for economic, social and environmental purposes, as introduced in the followings (Gallardo-Vázquez et al., 2013)

Economic Pillar

- Respecting to consumer rights as a priority axis.
- Offering to customers' accurate information about products and services.
- Offering high quality products and services to the customers.
- Characterizing to have the best relation price to quality.
- Satisfying national and international quality standards of products and services.

Social Pillar

- Being aware of the employees quality of life.
- Being aware to employees initiatives related to management decisions.
- Committing to job creation (fellowships, creation of job opportunities in the firm).
- Fostering training and development of our employees.
- Constructing dynamic mechanisms of dialog with employees.
- Giving employees compensation based on their competences and their results.
- Formulating human resources policies to facilitate conciliation between professional and personal life.
- Equal opportunities exists for all employees.

Environmental Pillar

- Being aware of the relevance of planning investments to reduce the environmental impact.
- Minimizing environmental impact.
- Being in favor of gas emission reductions and waste products recycling.
- Using goods in process and/or goods processed with low environmental impact.
- Contemplating energy savings in order to get high levels of efficiency.
- Conducting a positive predisposition to use, to buy or to product ecological goods.
- Appreciating using recyclable packing.
- Attaching very high value to the introduction of alternative sources of energy.

To summarize, stakeholder theory posits that collaborative direction can lead business organizations to be sustainable. The direction provides practices for enterprises to create a strong and dense network connection with stakeholders in ethical and responsible way. Also, enterprises that orient their conducts with morality focus including ethics and social responsibility are sustainable organization.

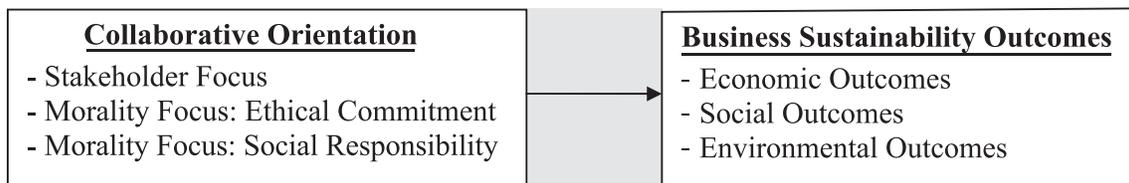
Based on previous studies, practices for collaborative orientation explain the three outcomes for business sustainability. Collaborative practices build up economic achievement and provide positive impact for society (Mitchell & Singh 1996). Also, morality, including business ethics and social responsibility, explains economic, social and environmental outcomes. Level of ethical commitment of organizations shows a positive association with financial leverage and corporate valuation (Choi & Jung, 2008). Enterprises that initiate corporate social responsibility also gain brand preferences from their customers (Chomvilailuk & Butcher, 2010). This is because goodwill from the great public of being good corporate citizenship is important from stakeholders' supports (Schlange, 2009).

However, the associations are based on several literatures. To draw up the association between collaborative orientation and business sustainability, the relationship should be empirically studied in a single research. From previous research, their evidences can justify that collaborative orientation explain business sustainability as

measured by economic outcomes, social outcomes, and environmental outcomes. Hence, it is reasonable to propose that collaborative orientation positively explains business sustainability outcomes, including economic, social, and environmental ones, as presented in Figure 2.

Hence, there are supporting evidences to justify that enterprises with collaborative orientation are aligned with sustainable operations and then could strive for ultimate sustainability outcomes. That is,

Figure 2 Relationships between Collaborative Orientation and Business Sustainability Outcomes



Proposition 2: Collaborative orientation positively explains business sustainability.

Proposition 2a: Collaborative orientation positively explains economic outcomes.

Proposition 2b: Collaborative orientation positively explains social outcomes.

Proposition 2c: Collaborative orientation positively explains environmental outcomes.

4. CONCLUSION

In the era of sustainable development, small and medium enterprises are challenged to develop a business model aiming for not only operational survival and wealth creation but also for the beneficial of all stakeholders in which social and environment are concerned. The enterprises should seek for appropriate orientation leading to sustainability outcomes. In the business research fields, entrepreneurial orientation, based on entrepreneurship theory, is supported empirically as the approach for small and medium enterprises to strive for economic outcomes. However, the orientation is insufficient to explain non-economic ones. Collaborative orientation, based on stakeholder theory is therefore introduced for small and medium enterprises to conduct their business focusing on stakeholders and morality. From this, small and medium enterprises with only entrepreneurial orientation can achieve only economic outcomes but not business sustainability. Hence, entrepreneurial enterprises should embedded collaborative orientation as the additional conduct for business sustainability.

5. RECOMMENDATION FOR FUTURE RESEARCH

The concept paper reviews literature pertinent to entrepreneurship theory and stakeholder theory to justify appropriate orientation explaining business sustainability of small and medium enterprises and provide theoretical framework and its propositions. Future research can employ this concept paper to empirically examine the significance of the proposed relationships. Measure items to assess business sustainability should be developed. Measure items for entrepreneurial orientation can be adopted from Entrepreneurial Orientation Questionnaire (EOQ), developed by Covin and Slevin (1986, 1989) which is the most widely utilized instrument to measuring entrepreneurial orientation (Rauch et al. 2009). In addition, future research should develop measure items to assess collaborative orientation to examine if the orientation can be classified with in stakeholder focus and morality focus. Noticeably, this article is presented in general context but the conducts for small and medium enterprises may require specific conducts differently from large size companies. Therefore, future research should seek for specific collaborative guidance exploring business sustainability specifically in the context of small and medium enterprises. In addition, application of the practices for ethical commitment (Choi & Jung 2008) and social responsibility (Gallardo-Vázquez et al. 2013) should be empirically examined in SME context.

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